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International Congress of Building Societies

The second convention of the International...

Cincinnati

1915

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The Second Convention

of the

International Congress

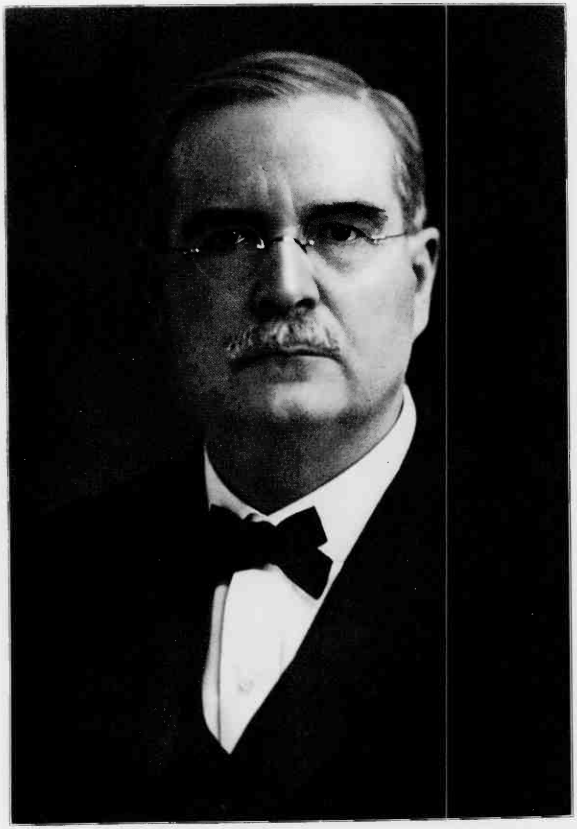
of

BUILDING SOCIETIES (as known in Great Britain); BUILDING AND LOAN ASSOCIATIONS, CO-OPERATIVE BANKS and HOMESTEAD ASSOCIATIONS (as known in the United States); HOUSING COMPANIES (as known in parts of Continental Europe); STARR-BOWKETT SOCIETIES (as known in Australia and New Zealand); and kindred Associations throughout the world

Held at the

INSIDE INN, EXPOSITION GROUNDS
SAN FRANCISCO, CALIFORNIA

July 30th, 1915



L. L. RANKIN,
President International Congress, Columbus, Ohio.

THE SECOND CONVENTION

OF THE

International Congress

OF

BUILDING SOCIETIES (as known in Great Britain); BUILDING AND LOAN ASSOCIATIONS, CO-OPERATIVE BANKS AND HOMESTEAD ASSOCIATIONS (as known in the United States); HOUSING COMPANIES (as known in parts of Continental Europe); STARR-BOWKETT SOCIETIES (as known in Australia and New Zealand); and kindred Associations throughout the world,

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JULY 30TH, 1915.

CINCINNATI—CHICAGO.
AMERICAN BUILDING ASSOCIATION NEWS PUBLISHING CO.
1915.

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The Second Convention of the International Congress.

The Convention was called to order by President L. L. Rankin, of Columbus, Ohio, U. S. A., at 9 A. M., July 30, 1915.

PRESIDENT RANKIN: The International Congress of Building Societies, as known in Great Britain; Building and Loan Associations, Co-operative Banks and Homestead Associations, as known in the United States; Housing Companies, as known in parts of Continental Europe; Starr-Bowkett Societies, as known in Australia and New Zealand; and kindred organizations throughout the world, will please come to order.

Most of the gentlemen present have been in attendance at the several sessions of the California State League and of the United States League, and have not yet had opportunity of seeing the Exposition. For this reason, it is thought best to proceed early with the program and have some of the addresses of welcome at once, even if not in the order as outlined in the program. It is a matter of great regret that we have no representatives from foreign lands, but owing to the great war raging in Europe, which directly concerns about three-fourths of the surface of the earth, it is and has been impossible for delegates from foreign countries to meet here today. However, we have letters of greeting and papers from building and loan officials in England, Ireland, British Guiana, South Africa, Tasmania, Norway, New Zealand and other countries to be read to you this morning. I found it impossible to get correspondence through to Germany, Italy, Austro-Hungary, Russia and Turkey, although a year ago and more I had letters from officials of home-building institutions in those lands. Nevertheless, in the past year I have been unable to hear from those foreign countries.

It is now my pleasure to introduce to the Congress the Honorable Charles Eugene Clark, ex-President of the United States League, who will deliver the address of welcome on behalf of the United States League.

ADDRESS OF WELCOME

On behalf of the United States League of Local Building and Loan Associations, to the International League.

BY CHARLES EUGENE CLARK, COVINGTON, KY.,
President United States League of Local Building and Loan Associations.

President Rankin, Delegates of the International League, Ladies and Gentlemen:

On behalf of the United States League of Local Building and Loan Associations we salute you as we join in the gracious welcome that has just been extended to you by the representatives of the State of California, the City of San Francisco and its State League, as you convene in this city for the purpose of holding this, the second Congress of your League.

I know that I but voice the sentiments of the more than three million members of our League, whose interests are identical with your own and that of the American people, when I heartily thank you for honoring us by your presence here and bid you godspeed in your deliberations and express the hope that this Congress will be fraught with great good to the cause universal, as you assemble at the Golden Gate to discuss those questions and topics that are germane to your organization and in which we are vitally interested.

You have convened in a land of homes, in a city of homes and among a people who are proud of their homes and which, together with their beloved occupants, they cherish above all other earthly possessions.

For it was for American homes that our forefathers possessed this broad land, then a primeval wilderness, extending from ocean to ocean, and tamed and fashioned it, until it has now become the cherished possession of more than ninety millions of home-loving, law-abiding and God-fearing people.

Your mission here strikes a sympathetic chord in our hearts, as you labor for the advancement and uplift of mankind, as you work for a greater political stability, a larger economic independence and a more desirable social life for the earth's masses.

You hold aloft the banner of hope, as you preach the doctrine of co-operation, of human brotherhood, of self-help, the most practical of all social ethics, the religion of every-day life; as you endeavor to lift men and women out of the sloughs of despond to the heights of the delectable mountains, from the rugged hills of

a bare human existence to the broad fields of independence and plenty, where they may enjoy the fruits of their labor, under their own vine and fig tree, as they possess not only the necessities, but some of the luxuries of life.

You paint in their sky the rainbow of fulfilled promise and blot out the "winter of their discontent."

You enrich their characters, ennoble their lives and bring to them the joy and wonder of living.

You make this possible by educating the masses in those most important financial tenets, that of successfully saving and handling their own money, for the betterment of themselves and families, the upbuilding of their communities and the welfare of the state.

The message which you carry is one of high endeavor and which makes for a most fruitful service of your fellow-men.

You teach that the soul of a people is its innermost jewel, its holy of holies, and is expressed in its life and work, and is exemplified in the homes which it has builded and which stand for a people and their degree of civilization attained.

You declare that "a man's character is his message," and that the ideal of what he can be becomes to him the hope and pattern of what he may be.

You demonstrate that all honorable attainment is the ripened fruit of advanced civilization and that "though the state may give one an economic holding, that he alone may make of it an earthly paradise," one in which, by due attention to life's duties, the flowers with a thousand faces shall gather for him the fragrance and the kisses of the morning.

That in a paradise regained he has found a paradise which was lost.

You teach that industry, energy, economy and the principles of right living lie at the true foundation of all honorable success in life.

> "That God gives no value unto men,
> Unmatched by meed of labor,
> And cost of worth, has ever been
> The closest neighbor."

My friends, this is a practical life and you are engaged in a most serious and practical mission, which is that of teaching men and women the value of thrift and economy and the virtues and necessity of saving for homes, for the necessities, as well as the luxuries of life.

Your mission is largely that of the social spirit, as you work for better economic and moral conditions and as you extend a helping hand and give friendly advice to the humble and the lowly and instill courage and hope in the hearts of men who often need them most.

To that extent you are your brother's keeper and are engaged in doing the will of the Master, in that you act largely the part of the Good Samaritan.

Your work is necessary and has full justification, for we are told that the words which all of us shall one day hear "shall sound not of theology, but of life; not of churches and saints, but of the hungry and the poor; not of creeds and doctrines, but of shelter and clothing; not of bibles and prayer books, but of cups of cold water in the name of Christ."

We are ever reminded that the true religion is in serving the world's needs; that the true worship of God is in loving our fellowman; and that it is through duty and service that we enter the real temple of life through the gate Beautiful, which is that of kindness and helpfulness. For service is love fulfilled.

The Good Samaritan is he who feeds the hungry, clothes the naked, visits the sick and requites the needy. Are ye not of that tribe that giveth alms to hungry souls and bodies?

The Master sayeth, "Who so receiveth a little one of these in My name, receiveth Me." Do you not minister to the widow and the orphan, the lowly and the down trodden, and are not those who loveth born of God?

My friends, your efforts though thoroughly practical and working for the uplift of the willing, the striving and the ambitious, however humble and lowly they may be, shall be filled with happy consummations.

Though it abounds in material successes, one that shall bring the music of a new day to its beneficiaries, it shall not be weighed in gold nor counted merely in silver, but shall be found full of sweet savors and happy remembrances, and be crowned with a benediction. For ye fulfill humanity's need, serve Almighty God and glorify your several countries.

PRESIDENT RANKIN: We will now listen to an address of welcome on behalf of the California State League, by Mr. Leon Martin, of Berkley, California.

ADDRESS OF WELCOME

On behalf of the California State League,

BY LEON MARTIN, OF SAN FRANCISCO, CAL.

Mr. Chairman and Members of the International Congress of Building and Loan Societies:

We are gathered here today from every corner of the world to discuss building and loan problems. I have been asked to bid you welcome in behalf of California and her building and loan associations. It is indeed an inspiring thought that we are members of a movement, world-wide in its scope. Our building and loan associations are confined to no nation, they are peculiar to no one people. In Canada, in England, in France, in South Africa, in Germany—in fact, in almost every civilized nation, you will find our societies. And wherever you find a building and loan association, whether in Louisiana, Norway, or Australia, you will find an organization whose every effort makes for the happiness and betterment of the community in which it exists.

I do not mean to imply that our building and loan societies are primarily philanthropic enterprises. On the contrary, the typical successful association is essentially a commercial institution conducted with all the acumen, initiative and skill necessary to the success of any business enterprise. Your successful building and loan man is ever a man of energy and intelligence; the qualities that have made him a success in his association would likewise have made him a successful banker or manufacturer. The building and loan society is a business enterprise conducted along business lines for the profit of all who deal with it. Yet there is one idea connected with the building and loan association that is foreign to many enterprises of the day. Our societies aim to profit through no man's loss. Every idea connected with the building and loan association is constructive. We aim to help the other fellow at the same time that he helps us. The building and loan society teaches its members to save, and save systematically, and thereby it inculcates in them the ideas and habits of thrift, economy and industry. And these are qualities that make for sound citizenship and national strength wherever they are found. Our associations teach their members the wisdom of economic independence and provide them with an easy, practical means of attaining it. Most vital perhaps of all is the emphasis our associations lay upon the home and the aid they yearly render to hundreds of thousands in home ownership. Almost alone among the business enterprises of the world the building and loan society has for one of its primary ends the aiding of home building and home ownership. Our associations stand and work for these three things: industry, thrift, and home ownership among their members. Who can say that it is possible for any business enterprise to have any loftier aims than these? Who can say that any agency, whether commercial or otherwise, does any more than the building and loan society in the training and development of a sound citizenship? I repeat, the building and loan association is a business institution, but it is an institution that guarantees to every man more than a square deal, and which aids and upbuilds every person that deals with it.

We hear a great deal today about the new business conscience; about the practice of the Golden Rule in commerce. For months past writers and speakers have been heralding the dawn of a new

and higher code of business ethics. There is no doubt that business today is being conducted on a fairer and higher moral plane than ever before. And, as I view the situation, the building and loan society blazed the trail to this higher code of business ethics. Our associations first among the world's commercial institutions adopted as a fixed business principle the idea of returning a fair profit to every person with whom they dealt; our associations first broke away from the belief that business success necessarily implied robbing someone. Likewise our associations were first to demonstrate that commercial success was best assured by the profit of every person affected by the enterprise.

So I address you gentlemen today as the leaders in a modern commercial crusade. You are the captains of a movement making for the advancement at once of the community and of the nation in which you dwell. You are the apostles of a new commercial creed that advocates injury to none and a fair profit to all. Yours is a duty diametrically opposite to that today found in war-torn Europe, for your function is always to uplift, while the object of that conflict is necessarily to tear down.

Today it is with pride and gladness that San Francisco and California bid you welcome here. For two years and more the building and loan men of the state have looked forward to the opportunity of entertaining you. Today, on this Western Coast, as in bygone times, the stranger is ever welcome in our midst. In the day of the pioneer, of the forty-niner, the stranger was always welcome; in the mining camp, and on the range, he was always regarded as a guest by virtue of the fact that he was a stranger. In simple, open-hearted friendship, he was made to feel that the best the camp or the ranch afforded was his for the asking. The pioneer days of California are past; the numbers of our pioneers are rapidly dwindling; the frontier exists only as a matter of memory and tradition; the old romantic West lives only in the works of Bret Harte and Mark Twain. And yet we like to think that the sincere, unaffected hospitality of the pioneer days still lingers with us. So, today, it is with the sincere and friendly spirit of times gone by that we welcome you here. The best that San Francisco and California afford is yours for the asking. We want you all to feel that our welcome to you is as warm, as sincere and unaffected as our California sunshine.

We greet you as brothers in a common enterprise and in a common cause. We don't, we can't regard you as strangers, for we are co-workers with you in our institutions and a movement of which we are indeed proud. True, we are building and loan men representing the entire world, but the very fact that we are all building and loan men assures between us the friendship that springs from unity of thought and enterprise and aim.

San Francisco and California have done their best to make the Panama-Pacific International Exposition of interest to their visitors. We hope that you will each find in it something of interest and value. California, with its Sierras and its valleys, its forests and its orchards, offers an almost endless variety of scenery. Yosemite, Tahoe, King's River Canyon, and a hundred other points of equal beauty but lesser note await you. We trust that you will tarry long enough in California to learn its magnetism and its charm.

In closing, I can only say that we are proud to have you with us here in San Francisco. We are going to try to make your stay here pleasant. And, frankly, we are going to miss you when you are gone. We hope you will all visit us again sometime. A sincere and kindly welcome will always await you from California and her building and loan men.

PRESIDENT RANKIN: We are expecting His Honor, the Mayor, in a short time to welcome us to the city of San Francisco, and until his arrival we can improve the time by listening to honorable H. F. Cellarius, who will give you an account of the first International Congress, held at London, England, a year ago.

THE FIRST INTERNATIONAL CONGRESS OF BUILDING AND LOAN ASSOCIATIONS, HELD AT LONDON, ENGLAND.

BY H. F. CELLARIUS, CINCINNATI, OHIO.

The First International Congress of Building and Loan Associations was held at the Hotel Metropole, London, England, August 11 and 12, 1914, and was especially well attended by representatives from the United States, there being eighteen present. There were also in attendance representatives from South Africa, from England, Scotland, Ireland and Wales. As the convention was held during the second week of the great war in Europe, representatives from the countries on the continent were prevented from attending, and the financial panic then prevailing in England made it very difficult for many of the building association delegates from the United Kingdom to leave their places of business for the purposes of the Congress. The trying conditions under which the delegates assembled can readily be conjectured, and yet, notwithstanding the great difficulties attending it, the work of the first Congress was declared a decided success.

Mr. L. L. Rankin, of Ohio, chairman of the Committee of the U. S. League on International Congress, called the convention to order and acted as temporary chairman. He detailed the origin,

aims and purposes of the Congress. In August, 1910, by the passage of a resolution introduced by Mr. Rankin, at the suggestion of Mr. Henry S. Rosenthal, Editor of the "American Building Association News," at the annual convention of the Ohio Building Association League, held at Canton, Ohio, a committee of three, consisting of Messrs. L. L. Rankin, H. E. Buker and Henry S. Rosenthal, was appointed to further the objects of an International League. In the following year the matter was brought to the attention of the United States League at its session held at Grand Rapids, Mich., and a committee of seven, consisting of L. L. Rankin, of Ohio, chairman; Charles Eugene Clark, of Kentucky; C. A. Royse, of Indiana; George F. Gilmore, of Nebraska; H. W. Pinkham, of Massachusetts; Charles O'Connor Hennessy, of New York, and Henry S. Rosenthal, of Ohio, was duly authorized to take the necessary steps looking to the organization of an International Congress of Building Societies, to meet either in London, Paris or other European city in the year 1913. At the annual convention of the United States League, at Atlantic City in 1912, the committee reported progress, and was continued. In the following year, at Milwaukee, the committee reported that it had been determined to hold the Congress in the city of London, August 11 and 12, 1914, and a formal call for the same followed, being issued under date of January 1, 1914, and in accordance therewith the delegates assembled and an organization was duly effected.

The aims and purposes of the Congress were stated to be (1) the dissemination of knowledge concerning the best methods of conducting our financial organizations, or home-building companies, by whatever name known; (2) of securing to them by legislative enactments or otherwise of such liberties as within reason and justice should be theirs; (3) of safeguarding them by such legal restrictions as experience would seem to dictate; (4) and of encouraging thrift and stimulating the building and owning of homes by people throughout the world.

These objects were incorporated into the constitution, which was duly adopted. The following officers were elected for 1914: President, Mr. Edward Wood, J. P., London, England; first vice-president, Mr. L. L. Rankin, Columbus, Ohio; second vice-president, Dr. Charles Pranard, Paris, France; third vice-president, Mr. A. Holland, Johannesburg, South Africa; secretary, Mr. H. F. Cellarius, Cincinnati, Ohio; assistant secretary, Mr. Enoch Hill, J. P., Halifax, England; treasurer, Mr. Arthur Webb, London, England.

The Congress having been duly organized, proceeded with its business in the consideration and discussion of a number of interesting papers. Mr. James M. McKay, of Ohio, discoursed on "The American Building and Loan Association: Its Birth, History and Evolution," and was followed by Mr. J. Gilbert Magee, J. P., of

Londonderry, Ireland, with an address on "Irish Land Tenure," which evoked an interesting discussion. Mr. F. E. Blackwell, of Johannesburg, South Africa, followed with a paper describing the methods and operations of the building societies of South Africa.

Mr. Henry S. Rosenthal unfortunately was prevented from attending the Congress by reason of the fact that the "Vaterland," on which he had engaged passage, failed to leave the harbor of New York on account of the declaration of war. His paper, however, dealing with the Governmental Attitude Towards the Building and Loan Associations in the United States, was read to the convention.

At the second day's session, Mr. C. F. Sanders, J. P., of Cardiff, Wales, gave a very interesting and exhaustive paper on the Building Societies of the United Kingdom, and detailed what they have done and are doing for the English people. This was followed by the paper of Dr. Charles Pranard, of Paris, France, on "French Building and Loan Associations—Their Development, Characteristics and Possibilities." Dr. Pranard was prevented by the war from being present, but he sent his paper, and it was read to the convention. Mr. Charles G. Cutler, of London, England, gave an address on "Building Societies and Legislation."

Mr. Christian Hansson, of Christiania, Norway; Mr. Georges Risler, of Paris, France, and Mr. Grau Bogh, of Bergen, Norway, were on the program, but were unable to get to the Congress.

Mr. Archibald W. McEwan, of New York,, prepared a paper on "Building and Loan Associations in the United States—Practical Co-operation for Home-owning and Saving," which was presented by Mr. Clay Holmes, of Elmira, N. Y. Mr. Holmes also talked to the Congress on "Juvenile Savings."

Resolutions adopted recommended that the effort be made by all reasonable and proper means to the end that legislation be enacted in the several countries of the world for the extension of the building and loan association plan among the people.

The following officers were duly elected for the Congress to be held in San Francisco in 1915:

President—L. L. Rankin, Columbus, Ohio.
First Vice-President—Dr. Chas. Pranard, Paris, France.
Second Vice-President—Ezra Naylor, Bradford, England.
Third Vice-President—Christian Hansson, Christiania, Norway.
Secretary—Enoch Hill, Halifax, England.
Assistant Secretary—Leon Martin, San Francisco, Cal.
Treasurer—George F. Gilmore, Omaha, Neb.

Executive Committee—C. F. Sanders, Cardiff, Wales; L. M. Studevant, Sidney, Ohio; Grau Bogh, Bergen, Norway; Luke M. Hill, British Guiana; F. E. Blackwell, Johannesburg, South Africa; Georges Risler, Paris, France.

PRESIDENT RANKIN: It is now my pleasure to introduce to the Congress Mr. Rainey, of San Francisco, who represents His Honor, Mayor Rolph, and who will deliver an address of welcome on behalf of the city of San Francisco.

MR. EDWARD RAINEY: Gentlemen—From time to time conventions of this kind are meeting in San Francisco, in the Civic Auditorium, in the Inside Inn, in Festival Hall, and throughout the city of San Francisco, and over in Oakland these conventions are meeting. And we who are connected with the city government and Exposition have pleasure in welcoming to San Francisco a large number of delegates and at the same time we have an opportunity of learning something of the aims and meaning of these conventions.

It is remarkable to have seen the way these conventions have dovetailed together, and all of them making for the betterment of the life we live here in this country, and your convention is one of the most beneficial that will convene here. Here is one where every man who is present has at heart the welfare of the community in which he lives, and therefore the welfare of the entire country, and it is indeed a pleasure to extend here for the people of San Francisco, and the Mayor, whose father is the president of one of your institutions, a very, very hearty welcome to San Francisco; and we wish you every possible success in the things you do here, and hope your aims and purposes will be better fulfilled, and the communities you represent will be given enlarged benefits and will profit by the deliberations of your convention here. The great thing we have in all congresses here is the uniting of interests, and the interchange of ideas. The things that are best in the management of one man's concern are passed on to the others.

I wish you all the best, most pleasant, and finest of everything all through your lives, and may this convention be most successful.

PRESIDENT RANKIN: As President of the International Congress of Building and Loan Associations, as generally known in the United States; Building Societies, as known

in Great Britain; Housing Companies, as known in parts of Continental Europe; Starr-Bowkett Societies, as known in Australia and New Zealand; Co-operative Banks, as known in Massachusetts, and Homestead Associations, as known in Louisiana, it becomes not only my duty, but my pleasure to respond to the addresses of welcome to which we have listened this morning. We are especially pleased to have the second meeting of our International Congress hold its sessions in the city of San Francisco, and at the time of celebrating the completion of the Panama Canal, the greatest mechanical work achieved by the hand of man. It was our pleasure last year to meet in the great city of London, England, just after the beginning of the great war in Europe. The idea of holding an International Congress of such home-building institutions was first suggested by Mr. Henry S. Rosenthal, Editor of the *American Building Association News,* some twenty years ago or more, but was not realized until August a year ago. In the proceedings of the Congress held at London will be found a short history of the movement. We had a splendid meeting at London, notwithstanding the influences of the great war. Our attendance was necessarily small owing to the financial panic which was then prevailing in England, and also owing to the fact that representatives who had expected to come from Germany, Italy, Norway, Holland, France, Belgium, Switzerland and other countries, were unable to do so because of the great war. The same cause prevents delegates from Europe attending this Congress. From present indications it does not seem possible for this great struggle to be settled soon, and hence it would probably be best to postpone having another Congress until 1920, by which time it is hoped that the ravages of this war will be only a memory, and people will again be pursuing the arts of peace. We all hope that there will be a bright side to this greatest of humanity's struggles—and that out of it all good will come. It is to be desired that more liberty and greater freedom for the masses of the people will be one of the results of the war. As terrible as this war is, and as dark as the

war clouds now are, nevertheless its end will draw on and in time peace will be concluded. Just how it will end or what the political changes will be, we cannot now foresee. But peace will come and the people again turn to peaceful pursuits. They will again cultivate the soil and operate the mill. They will build homes, rear children, and live in peace. When the peaceful period again comes, these people of the warring nations will need the services of savings institutions as they never needed them before. The struggle will create much poverty. From a financial standpoint it will ruin some of the countries involved, or practically so, and of necessity people will have to live more economically than for many years. Many of them will practice saving and thrift as they never did before. Thus it would seem that the better we can make our home-building companies, the better it will be for all the people of all the nations when they again cease from the strife of battle and turn to the arts of peace. And to the end that by discussion and from comparison, we can make of our home-building institutions better places to borrow and safer places to deposit money, we are here assembled in this International Congress. Again, in behalf of the Congress, I express appreciation of the addresses of welcome, and trust that you will remain and take part in the discussions which will follow.

I now have the pleasure of introducing to you Mr. Calvin Brown, representing President Moore and the directors of the Panama-Pacific International Exposition. -

MR. BROWN: It is my very great pleasure and privilege to give you a very brief word of welcome, and to present to you a token of the appreciation the Exposition has of having you here as our guests, and having this set aside as Building and Loan Day on the Exposition grounds.

The Exposition is thoroughly alive to the value of having held here during the Exposition period a congress such as this. In fact, from the very inception of the Exposition it has been one of the things that we have looked forward to with the greatest interest, believing that congregations

ENOCH HILL, J. P.,
Secretary International Congress, Halifax, England.

of men and women upon these grounds, representing great activities of life, and interested in the work they were doing in the world, would really be the great good that would come from the holding of this Exposition here.

When we started this Exposition we had set for ourselves a very high ideal. We realized that if we were to hold an exposition here, following other great international expositions held, to hold one in celebration of what was the greatest achievement of the American people, the completion of the Panama Canal, that this Exposition must adequately celebrate that achievement, and that it must be something a little better and finer than any ever held before.

We gathered the greatest architects we could find, the greatest colorists and the greatest experts on lighting. We have gathered together a group of buildings better, we think, than have ever been seen before. The source of the lights is subdued and hidden. We have taken these buildings and splashed them with all the colors. We have sent men throughout the world to gather exhibits, and we have all that makes for the comfort and happiness of mankind. Then we invited national associations and conventions to come here and see what we had wrought, and 835 of these have responded to the invitation, and there is none we welcome warmer or more sincerely than you building and loan associations. We realize how very close you are to the very real thing in life—the home. Making it easy for the man with his savings to acquire a roof over his head, and giving him a heart interest in the little spot that he and his wife and his children occupy. And so, I feel very greatly the privilege of having been selected by the president of the board of directors to come here today and give you a token of our appreciation.

We have engraved our welcome to you upon imperishable bronze. It is a token that will last forever, and rightly so, because the great movement you represent in the world will last forever, and we want this as a token that we desire it should go on and on continually for the benefit and uplift of humanity.

The value is small intrinsically, but the spirit behind it is great, and I thank you for this privilege, and I wish to present these medals to your President. (Applause.)

PRESIDENT RANKIN: Will Mr. Mark Rider, of Chicago, please to preside for a time.

MEDALS PRESENTED BY THE EXPOSITION COMMISSION.

PRESIDENT RANKIN: Mr. Brown, Mr. Chairman, Ladies and Gentlemen—It is with very great pleasure that I accept these mementos or souvenirs in behalf of the Building and Loan Associations of the United States, the Building Societies of Great Britain, the Housing Companies of Continental Europe, and the Starr-Bowkett Societies of Australia and New Zealand.

These societies, Mr. Brown, are engaged in the work of

assisting men in the building of homes. The strength of the state is in the strength of its ordinary citizenship, and there is nothing that will develop good, strong and sound citizenship better than the development of the home. In fact, the home stands for good citizenship and good citizens. The home stands for every good thing in this life of ours. And so the work of these societies is the work of home building. True, they are financial institutions, handling other people's money, but as such institutions I wish to bear testimony today of the care with which their officers have surrounded them with reference to the safety of the money left with them.

To most officials of building and loan associations money is a most serious matter. They are mostly men who regard money as representing life itself. We all know what the essence of the orange, or the essence of the lemon, or the essence of the pineapple is. It is the orange, or the lemon, or the pineapple boiled down into a very small compass. Money is like the essence of the fruits I have mentioned. Money is in some respects the essence of life. At the end of a day of toil a washerwoman is given a dollar or a little more for the services she has rendered. At the end of a day a laboring man is given two dollars or thereabouts, and that represents his day's life of toil and labor. At the end of a day a skilled mechanic may be given five dollars, and that sum represents his life for the day. Now, these officials of building and loan associations before you, look upon money as representing the lives of the people, and they feel that if they were wrongfully to deprive those persons of the dollar, or the two dollars, or the five dollars, they would be doing nothing more than murdering, as it were, a day's life of those people. So, these gentlemen, and those representing these societies throughout the world, have surrounded them with every possible safeguard. They will not permit the money entrusted to their care to be speculated with in any manner. So they are in fact great institutions, doing great good in this world, and in their behalf I accept these mementos, and appreciate them, and I know that the Building Societies

of Great Britain and other lands will also appreciate them, and we certainly thank you for your consideration.

PRESIDENT'S ADDRESS.

L. L. RANKIN, COLUMBUS, OHIO.

GENTLEMEN—One year ago tomorrow about thirty or more representatives of the building and loan associations of the United States set sail from New York City to go to London, England, where on August 11 and 12, 1914, the first International Congress of such associations was held. These associations are known by different names in different countries. In Great Britain they are known as Building Societies; in parts of Continental Europe as Housing Companies; in Australia and New Zealand as Starr-Bowkett Societies; in the United States generally as Building and Loan Associations, but in Massachusetts they are known as Co-operative Banks; while in Louisiana they are known as Homestead Associations.

Our voyage across the Atlantic was most exciting. Before we left New York City we realized that war was likely to come between Germany and Austria on the one side and France, England and Russia on the other. In mid-ocean, on August 4, 1914, we received a wireless message that such war had been declared. Among our passengers and crew were representatives of all the nations at war, and to say that there was considerable tension on board would be telling but the simple truth. This excitement grew in intensity as we turned north in the Irish Sea and docked at Liverpool instead of going to Plymouth or Dover, where we had expected to land. On arriving in England, we found that a financial panic worse than the one we experienced in the United States in 1907 was widespread over England, Scotland, Wales and Ireland. Gold was the only medium of exchange which was not challenged. We managed to get to London and to the Hotel Metropole, where the Congress was held. After a week or so of intense financial excitement, the people became more calm along this line, and it was possible to get sufficient money to meet our needs. Some of the American delegates realized what was coming when they left New York City for London, but they felt that they had a duty to perform and this they wished to accomplish. So they went, and they have not regretted so doing.

We had an excellent Congress, considering the time it was held. The program was carried out as originally planned. There were representatives there from South Africa, British Guiana, England, Scotland, Wales, Ireland, and the United States. Norway, Sweden and France were represented by a paper and messages. The Congress decided before adjournment to meet in San Francisco in 1915, during the celebration of the Panama Exposition. The Congress also decided to meet every three years thereafter. This was contrary to the advice of your President, who thought an International Congress every five years would be better. Owing to the bitter feelings now existing among the nations of Europe and the world, your President is more convinced than ever that we should not attempt to have such Congress meet again until 1920, and then to have it assemble in the city of Berlin, or in the city of Paris; probably the latter, where lives Dr. Charles Pranard, whom many of you have met and who is so greatly interested in home-building institutions. During the past year your President has endeavored to interest officials of home-building companies in Norway, Germany, Switzerland, Italy, Austria and other countries to meet with this Congress and to take part in its program and discussions, but in this he has been unsuccessful by reason of the great war raging in Europe. He has also been in correspondence with Mr. F. E. Blackwell, of Johannesburg, South Africa, and with representatives of Starr-Bowkett societies in New Zealand and Australia. Here he has been more fortunate, as witness the interesting messages from G. Hirsch, which will be read to you later in today's session and that of tomorrow.

We have been able to keep in fairly close touch with the officials of the building societies of Great Britain. In this we have been assisted by the enthusiastic and wide-awake editors of the "Building Societies Gazette," published at 37 Cursitor street, Chancery Lane, London, England. You will hear messages from these officials later on in the program of today and tomorrow. You will be greatly pleased to learn that notwithstanding the awful war, the building societies of England not only held their own in 1914, but many of them actually gained in assets and general resources. These facts certainly speak volumes for the basic principles of these societies in Great Britain. Our building and loan associations in the United States experienced some withdrawals after the great war was started, but they are again growing as they were before, and as we trust they will continue to grow in the future. "Safety First" is a most popular phrase over the entire world today—and it should be one of our mottoes also. Your President will welcome any discussion which will help in the matter of making our home-building companies, by whatever name known, the safest financial institution of our day and generation. Such should be true, and such is true, for our securities are based on mortgages on homes and farms—the safest of all mortgage securities. Men must have homes, and they will all sacrifice to keep them. When factories and manufacturing plants fail, men will abandon them, and be glad not to see them again; but not so with their homes. To these they cling. Hence the great safety of the mortgage securities on the home and farm—the latter being also a home. Therefore, let us welcome any suggestion which will increase the safety of our associations, in

order that we may gain and merit the respect and good-will of the people in every land and nation, and as a result thereof by reason of having more money to help more people to get homes than heretofore. It has been said that he is a benefactor who causes two blades of grass to grow where only one grew before. Even more so will our associations be benefactors when they cause two or more home owners where there was only one before.

It is most gratifying to learn from the report of Mr. H. F. Cellarius, Secretary of the United States League, that the assets of the building and loan associations of the United States have increased many millions in the past year, and also the interesting fact that there has been an increase in the membership of many thousands. The growth of building and loan associations in the United States has been quite phenomenal in the past and they will continue to grow in the future. More than ever before is their great usefulness to society seen and appreciated. The United States Congress and the legislatures of the various states have made manifest their appreciation of building and loan associations by the enactment of laws favorable to their progress. It is right and proper that Congress and the several legislatures should foster their growth and development, and there are many reasons for this assertion. They not only render a great service to the borrower, but they render an equally great service to the depositor. It is here where the splendid work of the building and loan association begins. They are safe places for the deposit of money and pay good interest and dividends thereon. This means encouragement to the one saving, and the persistent saver soon finds himself with sufficient funds to start his home. The school children in many cities have savings accounts with its building and loan associations. The number of persons having savings accounts with them is constantly increasing. As before stated, these savers are paid a fair interest, and they are greatly pleased to watch their accounts grow.

As building and loan associations prosper, the people prosper. As people prosper, the state is benefited. Building and loan associations have so proved their usefulness for many years that their growth is now fostered by legislative enactments and encouraged by almost universal public opinion. For many years they have steadily grown in public favor. They exist because their existence is justified by their works. They exist by right of the good resulting from them. They will continue to exist and they will continue to grow in public favor, because they are widening their circle of usefulness and becoming each year more beneficial to the various communities in which they are found. By their fruits they are known and they will continue to be known. Among such virtues, or benefits to the public, arising from building and loan associations, may be mentioned the following:

1. They teach economy and urge people to be thrifty and to save their money. They receive encouragement from the state, and rightfully so, for the state can well afford to encourage societies whose sole object is to be helpful to their members. The strength of the state is in the strength of its ordinary citizen, and when he is prosperous and happy, the commonwealth will be strong and mighty. Intelligent legislators, knowing these facts, frame laws to encourage such beneficent institutions.

2. They assist people in buying and building homes. "The American home is the safeguard of American liberties." The greater the number of American home owners, the greater the safety of our liberties and of our free institutions. Home owners love justice, equality and liberty, and our nation is safe when its home owners predominate in its counsels. Building and loan associations are indeed the builders of homes and the makers of happy families.

3. Being home builders and the makers of happy families, they improve the morals of the respective communities where found. The state or nation is but an aggregate of many families. Whatever is a blessing to the family is a blessing to the state or government. Whatever hurts the family hurts the commonwealth. Good reasons indeed for the existence of such helpful institutions as homestead societies, co-operative banks and building and loan associations. As a rule good morals prevail in the home. Good influences there abound. Oftentimes loose morals are found in tenements and boarding houses. The societies we represent, therefore, are doing a great and grand work in the betterment of the morals of our people. They stand for civic righteousness also, and for these reasons they have proved their right of existence.

4. They are also instrumental in making good citizens. Good morals make good men, and good men make good citizens. Parents encourage children in right doing. The state encourages its subjects in right living. Rearing a family in one's own home stimulates stability of character in both children and parents. Homemakers make righteous and conscientious voters. And our societies make home owners. Another reason for the right to exist of our building and loan associations and for their encouragement and expansion into wider circles of usefulness on the part of the state or nation.

5. Constantly engaged in the beneficent work of assisting people to get homes, our building and loan associations are constantly adding more dwellings to the tax duplicate of our respective counties and state. In fact, it is the only institution whose sole product is an increase of the tax duplicate. By thus increasing our tax duplicates and the wealth of the nation, we are instrumental in providing revenues for the increased expenses of our respective governments. Such financial institutions and the state are mutually

helpful to each other. They constitute a partnership wherein there should be no dissension. When one simply stops to consider the magnificent and beneficent results flowing from the work of our associations, he cannot but be pleased, feeling and knowing that they are serving their fellows in a most honorable and righteous manner.

6. Teaching people thrift and economy, they are instrumental in increasing the capital of our respective communities. This increase of capital results in increased labor for our mechanics, laborers, artisans, and in fact everybody. The savings of our humble depositors soon amount to such sums of money that they are sufficient to construct houses for the people and many of them. Such activities increase both the wealth and the prosperity of any community.

7. Being essentially and truly co-operative, they distribute the profits or earnings of the business equitably among all their members. Hence they distribute wealth more equitably than any other financial institution. In other financial institutions, the depositor may only get two or three per cent interest per year for the use of his money. The depositor or stockholder in the building and loan association shares equally in its earnings and the wealth thus earned is divided more equitably, and hence more justly, among all the people. Our societies serve fairly and justly all the people in the matter of the distribution of their earnings, and this is another and strong reason why we should be proud of them, and why their growth and expansion should be fostered on the part of the state.

8. Proven successful, they show that mutual co-operative societies are practical and of great benefit to the members thereof. The spirit of helping each other is a fine spirit to prevail in any community. Farmers help each other when they exchange personal services at harvest time. People can club together and buy various products in larger quantities and thus considerably reduce their cost. They can buy food in this way and thus reduce the cost of living. Such societies, of whatever nature, when honestly and properly managed, are helpful to people. The modern building and loan association is a fine illustration of these principles in successful operation. From this standpoint such societies are beneficial and should and do receive encouragement from the public and the commonwealth.

9. In building homes, building and loan associations furnish labor to teamsters, laborers, stonemasons, brickmasons, carpenters, plasterers, roofers, painters, decorators, sawmills, railroads and their workmen, insurance men, conveyancers, clerks, and many others too numerous to mention. It has been said that "the idle mind is the devil's workshop." The idle hand is even more dangerous. It is a good thing for the community and a good thing for the state for

its people to be busy. They are thus kept out of mischief. Now, any financial institution which does so much to keep actively employed its various artisans as the building and loan association is entitled to the homage and good will of the public. It has received such in the past and it will continue to receive such in the future.

From the foregoing, it must be evident to every person that the building and loan movement was grand in its conception, but grander still in its actual operation. Workers in this cause are engaged in a work of practical philanthropy. They get paid for their work, it is true, but nevertheless they are really working for others. The building and loan official makes five per cent for everybody. Such beneficent institutions should widen their circle of usefulness. They have rendered faithful and efficient service to the public thus far and they are now much improved over what they formerly were. Many of their once ugly features, such as fines, premium and penalties of various kinds, have been altogether eliminated.

PRESIDENT RANKIN: We will now have the pleasure of listening to the address of W. G. Weeks.

SOME FEATURES OF THE HOMESTEAD ASSOCIATIONS OF LOUISIANA.

BY W. G. WEEKS, OF NEW IBERIA, LA.

The name "Louisiana," designating one of the forty-eight sovereign states constituting the United States of America, no longer comprises the vast territory acquired from France. State after state has been carved therefrom, until today Louisiana embraces that portion of the original acquisition bordering on and through which partly flows the mighty Mississippi, until it is lost in the Gulf of Mexico. Each of the other portions of the purchase, on being admitted to the Union, adopted its customs, language and laws, but Louisiana clung to those of France. Hence, when institutions are incorporated into its internal economy, even from other sections of our country, many and varied problems arise, precluding the adoption of established forms and methods. A system, adapted to peculiar local conditions and a distinct code of laws, must be evolved.

In 1873 building associations took root in Louisiana, under the title of "homesteads." The use of this nomenclature, in lieu of the generally accepted "building and loan association," has never been accounted for; yet, every such association organized during the following decade, incorporated "homestead" into its title. Homestead is defined as a "family's dwelling place, with the inclosure or ground immediately contiguous; an abode; a home." The "New Orleans Homestead Association" being the first chartered, probably

adopted this term as peculiarly indicative of its objects and purposes, subsequent organizations borrowing the word. Especially does New Orleans adhere to this title, over half of its associations being thus designated, while few of those in our smaller cities and towns use it in their names.

Apt though be the term, and expressive to us from long usage, and as having the sanction of law, its use, due to its employment by the Government in certain land grants, creates confusion when speaking of homesteads of people of other localities. To obviate this misconception, the Louisiana Homestead League, at a late convention, adopted the name "Louisiana League of Homestead and Building and Loan Associations."

Prior to 1888, Louisiana had no law authorizing such associations. The General Assembly of that year declared: "Homestead or building and loan societies and companies as now established in this state, are corporations promoting works of great public utility and advantage." A later act requires that "the words building, building and loan or homestead association, society or company, shall form part of the name of every such local association hereafter organized."

Despite the legal status thus conferred on them, a provision of our law threatened to seriously impair the usefulness, if not to wipe out of existence, such companies. It reads:

"Whenever the widow or minor children of a deceased person shall be left in necessitous circumstances, and not possess in their own right property to the amount of one thousand dollars, the widow or legal representatives of the children shall be entitled to demand and receive from the succession of the deceased husband or father, a sum which, added to the amount of property owned by them, or either of them, in their own right, will make up the sum of one thousand dollars, and which amount shall be paid in preference to all other debts, except those for the vendor's privileges and expenses incurred in selling the property. The surviving widow shall have and enjoy the usufruct of the amount so received from her deceased husband's succession, during her widowhood, which amount shall afterwards vest in and belong to the children or the other descendants of the deceased husband."

This privilege or lien of the widow and minors is of high rank, priming all others, save that of the vendor on real estate, funeral expenses, those of the last illness and law charges. The customary security for real estate loans, including those of our associations, was the conventional mortgage; and this form of security was inferior in rank to the lien or privilege. A mortgage would, in case of death, unless there were sufficient of assets to cover both, be nullified by the claim of the widow or minors. A vendor's lien and privilege exists for the unpaid purchase price where a sale is

made wholly or in part on credit. In the face of this provision, an association was not safe in making loans secured by mortgage, unless the value of the property taken as security was sufficient to cover the higher privileged claims as well as its indebtedness. At that time the vendor's lien and privilege only accrued to the association in case it bought from a third party and sold on terms of credit to the borrower. To a material extent, the object of homesteads would be defeated, and the small home owner, desiring to borrow for the purposes of improvement, or to pay off an existing mortgage, would be debarred. This dilemma stimulated the best thought and activity of earnest and enthusiastic pioneers in the cause. They determined that every inhabitant of their state should enjoy all the rights and privileges of these beneficent institutions. Consequently, into our statutes they have had written a law granting to homesteads a vendor's lien and privileges in case of a sale and re-sale to secure a loan, even though made at one and the same time and from and to the same party. It exists only for such associations; no individual or other institution is thus favored.

What at first loomed an insuperable barrier to the successful operation of these institutions has been turned to their advantage. Neither the money lender nor the bank can, without risk, make loans to the small landed proprietor or home owner. This perforce directs them to our companies. That business for which building associations are primarily organized is, by virtue of that law, largely diverted from others and thrown into their hands. Be it said to their credit that in no way has this practical monopoly been used to the prejudice of the borrower. On the contrary, their management is strongly grounded in the doctrine that the borrower is entitled to first consideration. The Homestead leaders of our state were among the organizers and consistent supporters of the United States League of Local Building and Loan Associations, and through its medium they have studied and evolved methods, adopted the best ideas, and are striving to lessen the burden of those who are endeavoring to acquire homes.

Homesteads now operate under the various recognized plans, with the Dayton apparently the preferred. Characterized neither by the conservatism of Pennsylvania, from whence their early inspiration was drawn, nor by the ultra-progressiveness of the Middle West, a happy medium has been established.

The largest institutions have substituted public accountants for the auditing companies of early days and permanent offices open during business hours are commonly maintained.

The act which granted the vendor's privilege, in derogation of the general law of pledge in Louisiana, which requires delivery to, and possession by the pledge of the thing pledged, provides that a declaration of pledge in an authentic act by a shareholder making

a contract with an association, shall create and constitute a full, valid and complete pledge of his shares. Further, that the fact of such pledge shall be stamped on the face of the certificate of stock so pledged.

In securing real estate loans, homesteads purchase the property for cash and sell to the borrower on terms of credit, retaining in this last deed the vendor's lien and privilege and a special mortgage, importing confession of judgment and authorizing executory process. Default by the borrower gives the homestead the right to foreclose on its mortgage and vendor's lien, by issuing what is termed executory process. That is, on petition, to which is annexed the mortgage notes and certified copies of the deed, an order is obtained from the court, directing the sheriff, three days after demand of payment, to seize the property, and after advertisement and compliance with the usual formalities, to sell same in satisfaction of the debt. No other proceeding is required. The homesteads, through their efforts, have obtained for married women in our state enlarged rights.

Marriage in Louisiana is governed by the community of acquest and gains with the husband as its head and master. With certain exceptions, property acquired in the name of either spouse during marriage fell into the community. The husband could alienate or encumber this property at will; the signature of the wife was not required. While the husband could dispose of the community, or of his separate property, without the consent, and against the objection of, his wife, she could make no valid contract even as to her separate paraphernal property, without his authorization and signature. Woman has ever, in building association circles, been recognized as of thrifty tendencies. To develop and encourage which a clause of our homestead law reads:

"Married women may subscribe for, hold, withdraw, transfer, pledge, borrow upon and surrender stock in such corporations without the consent or authorization of their husbands, and same shall be for her separate benefit as paraphernal property."

Minors who otherwise are incapable of entering into any contract, may likewise subscribe for such stock, and are dealt with as of full age.

Radical as are these departures from our established jurisprudence, they have, when tested, been upheld by our court of last resort. Legislatures and courts in Louisiana, in framing and construing laws involving homesteads, have clearly grasped their basic principles, recognized their distinctive features, and, because of their mutuality, conceded to them unusual privileges.

State supervision of homesteads is exercised by the Banking Department with authority for annual examinations, or oftener,

if deemed advisable. Sentiment is crystalizing for their divorcement from the banks and the creation of a separate building association department. Aside from material assets, their importance to the state as builders of homes, as creators of values, and of better citizens, would justify a reasonable outlay, until this department of the Government became self-sustaining. To the uninformed, slight is the difference between these two classes of financial institutions, but to one versed in homesteads, the line of demarcation is clear. The purposes and objects of their being are as absolutely dissimilar as are their functions. Banking interests bear the prestige of antiquity; building associations, still evolving, progressing and in a formative stage, are considered by the officials as of secondary importance. This department is in the hands of trained bankers, who frequently are not familiar with the principles of homesteads. How natural, therefore, is the gradual and almost insensible ingrafting of banking ideas, such as the creation of excessive surplus or reserve funds, while the cardinal principles of these neighborhood societies are lost to sight.

When demand is heavy, loans are made to accommodate applicants. Frequently this money is had at the rate at which it is loaned out. To render available possibly cheaper money, a recent enactment authorizes insurance companies operating in Louisiana to make loans to homesteads. Constantly seeking investments, these companies lend at a lower rate and prefer loans for a long period. Such funds would minimize the danger to associations of being called on for heavy payments in times of stress.

Last year witnessed the adoption of an amendment to the state constitution, exempting from taxation all money on hand or on deposit, or loans by homestead associations to their members secured by stock. During the preparation of this paper our Supreme Court handed down a decision, decreeing these companies not subject to license tax. Mortgages being exempt in Louisiana, homesteads are practically immune from taxation, a recognition of, and a tribute to, their public utility.

Save in name and in certain methods and procedure incident to a distinct system of laws, the homesteads of Louisiana are identical in principle and operation with building and loan associations and co-operative banks as similar institutions are entitled in the other states of the American Union. Their universal characteristics are the beneficent principles of mutual co-operation and the inculcation of self-help and of thrift. Their object and purpose is to place within reach of all, opportunity. When the test of the true building and loan association, service to the individual, the community and the state is applied, our homesteads in every particular measure up to the standard.

PRESIDENT RANKIN: It may be well at this time to appoint certain committees.

Committee to Nominate Officers to serve until the next International Congress convenes—H. S. Rosenthal, of Ohio; Fremont Wood, of California, and W. G. Weeks, of Louisiana.

Committee on Resolutions—Mark D. Rider, of Illinois; Mr. Skinner, of New York, and Mr. Pinkham, of Massachusetts.

We will now have the pleasure of listening to a paper by Mr. Henry S. Rosenthal, Editor of the *American Building Association News*.

POSSIBILITIES OF THE BUILDING AND LOAN MOVEMENT.

BY HENRY S. ROSENTHAL, CINCINNATI, OHIO.

Editor of the "American Building Association News" and Author of the Manual on Building and Loan Associations.

The most important phase of our work, the crusade against poverty—has an objective, that is, it works toward a desirable end. When we discuss the problem of crime, we cannot foresee an end; when we consider the political aspect of things, we cannot prophesy when proposed reforms will prove successful. When we study the unrest of the times and attempt to guess the day when social peace will enfold us all, we cannot predict that hoped-for millennium. When we discuss the abolition of poverty, however, we know it to be a demonstrable fact that if certain educational work is properly done, poverty will rapidly decline. This educational work to alleviate poverty, I take it, is the task before us, who are believers in the worth of the building and loan movement. It represents the possibility, the beneficent scope, of our field.

We are all working toward this end because we conceive it to be our duty to our fellow-men to do so, and because we have faith in the co-operative principle. We believe that we are doing a work that is not only an economic necessity and a social blessing, but also a conservation of resources. We, ourselves, may not live to see the full fruition of our labors, but future generations will reap the benefits because the result of our work, however small, will constantly increase in volume. We are extending the benefits of our work all over the United States, and, to a limited extent, in Canada.

In the countries of Europe and in other foreign lands, this same movement is developed in different ways and has produced wonderful results. Comparisons may be odious, yet they often bring home a truth more forcibly than it can be shown in any other way. When we compare what we have achieved with the results of European efforts in the same direction, we can feel proud of results achieved with the greater public benefits to follows, if we utilize the immense possibilities that still lie before us like unplowed fields awaiting the arts of the husbandman.

To make this difference concrete, let me quote a recent table of statistics, showing the number of saving depositors out of every thousand of the population of the countries named:

Switzerland	554	Holland	325
Denmark	442	Germany	317
Norway	415	England	302
Sweden	404	Australia	300
Belgium	397	Tasmania	280
New Zealand	360	Japan	270
France	346	Italy	220

United States..... 99

The table tells its own story. It shows that in the past we have not been a nation of savers. From the figures it is seen that the number of savers in the various foreign countries aggregate an average of 360 to the 1,000 of population as against 99 out of the 1,000 for the United States. In other words, only ten per cent of our population is interested in making proper provisions for the proverbial "rainy day." In the light of this fact, we can readily see the great possibilities of our movement, and we are impressed by the obligation that rests upon us to demonstrate to the public in a more compelling way, not only the necessity for thrift, but also the fact that *our institutions* are the best media for the exercise of that virtue and that they deserve their confidence and support.

Every year brings thousands of immigrants to our friendly shores. Stern necessity has taught them the uses of frugality and thrift in their overcrowded Old World homes. It seems that the building association, once understood, would fit into their mode of life and assist them as no other institution could. The problem of educating them to become interested in our movement is a most serious one. We should endeavor to print instructive literature on this subject in the various languages of these strangers who have journeyed to the "Promised Land." If we could succeed in interesting some of the more intelligent and capable representatives of each foreign element in our population, we should be surer of reaching the masses. I believe it is our duty to inform them in one way or another of the work we are doing, so that we may assist these people in establishing homes in our communities. Thus, and only thus, will they become true citizens.

I need not dwell on the beneficial effect that such enlightenment would have on a community, for we have all had occasion to observe

the result in localities where building and loan associations flourish. It is of the greatest importance to the welfare of our Republic that systematic work be done in this direction.

In a recent address before the Kentucky Building Association League, I called attention to another problem, in the solution of which the building and loan idea could do more than any other institution. That problem concerns the future of the negro.

Let us for a moment consider the remarkable strides in progress made by the American negroes, who form ten per cent of our population. The Director of Census, the Hon. William J. Rogers, recently issued a document showing the details of the development of the race. Among the facts enumerated are the phenomenal rate of increase of their attendance at schools and churches and a marked decrease in the death rate.

It is very gratifying to note that the "home-making" instinct has increased among them and that they are already becoming interested in building associations. As it is, there are a number of associations that are now successfully conducted by negroes.

In the year 1900 twenty per cent of the negro population lived in homes that they owned. In 1910 this rate had increased to 22.4 per cent. In Virginia a creditable showing is made, with 41.3 per cent of self-ownership of negro homes.

It has been shown that in the cities the infamous housing conditions of this race have brought about a far greater death rate than the general average. Dr. W. F. Brunner, in charge of the Health Department of Savannah, Georgia, reports the population and mortality of that city as follows:

	POPULATION.	DEATHS.
Whites	39,999	442
Negroes	42,000	1,038

or nearly 100 per cent additional over the white death rate. Undoubtedly here is a vast field for building associations. Its successful cultivation would mean not only much needed assistance to our colored neighbors, but also the elimination of many plague spots from our cities and the elevation of our citizenship.

I realize that the proposed task of widening the horizon of our movement is a complicated one, rendered all the more so by the fact that the pecuniary incentive is lacking. In any other field the promoter, actuated by selfish motives, would cover every inch of the ground. As a matter of fact, the professional promoter is not a stranger to the building association movement, as we realize when we recall the so-called "Nationals" of a decade ago and others of more recent date. We know that the activity of the promoter has always been harmful, if not disastrous, to the movement. The fact is that the fundamental idea of these institutions

HON. H. F. CELLARIUS,
Secretary United States League of Local Building and Loan Associations, and First Secretary of International Congress, Cincinnati, Ohio.

is incompatible with exploitation, for their strength lies in absolute mutuality, and *on that* alone is their success predicated.

In a certain sense, genuine building associations do not thrive on the same kind of soil which supports private enterprises. The success of the latter depends mainly on the energy and initiative of the individual, while that of the former rests on the co-operation of the community. It is the same difference that exists between a monarchy and a republic, the difference that exists between autocratic government by one and popular rule by the masses.

Just as our sister republic, Mexico, for instance, has amply demonstrated that you cannot successfully establish a republic without first rearing a citizenship imbued with republican principles and an appreciation of republican institutions, so it seems you cannot successfully establish local mutual building and loan associations without first creating an atmosphere favorable to their development. The necessity and the efficacy of such "educational campaigns" accounts for the fact that in some localities, where the right kind of men have taken an interest in these institutions, the fame of the building and loan association has spread until at last the entire community grew familiar with them. Associations sprang up spontaneously, producing an army of savers that, in proportion, far outnumbers the average of any foreign country, while in other localities, with opportunities practically the same, these associations are almost unknown, because no capable, altruistic leaders have interested themselves.

The problem, therefore, seems to be the creation of an atmosphere, the diffusion of knowledge concerning these institutions. That brings us back to the question, "How can this best be done, and by whom?"

In every true, present-day man and woman there lives the social spirit, which is one of the dominant characteristics of the twentieth century, manifested in all the altruistic movements of our times. Men are moved now as never before by generous impulses, by the desire to extend a helping hand to others less fortunately situated, by the sincere wish to create healthier, happier conditions in the workingman's home and in his place of labor. The consciousness of such a service successfully rendered, the mere knowledge that one has helped a struggling brother, gives more solid satisfaction than any material compensation can bestow.

While we do not claim that building associations are philanthropic institutions, we do hold that they are eminently public-spirited. They render a valuable service alike to the community as a whole and to its members as individuals. It is in that spirit and with that conception of the situation that thousands of men and women are rendering valuable professional service gratuitously in conducting and promoting these associations. That same spirit,

that same consideration must be the mainspring of our effort to extend to the utmost the usefulness of the building and loan associations, to make the most of the opportunities that still surround us on every side.

As we stated before, these associations cannot be called into being by the fiat of any individual or organization, yet their coming can be greatly accelerated by propaganda. If we can concentrate and organize this work it will be many times more effective than if it is permitted to grow without guidance. As individuals, we can all help this movement develop if we will take advantage of every opportunity to *"boost"* the cause. The habit of *"boosting"* is, in itself, an enviable possession. It becomes doubly valuable when exercised in behalf of a cause as worthy as that of the building and loan associations.

In closing, permit me to quote a recent definition of the winning word *"boost."*

"The word *'boost'* is the greatest American idiom. It is the word that sent Columbus across the sea. It is the spirit of the Declaration of Independence. And it laid the Atlantic cable, and later built the Panama Canal.

"This word has passed through all the transformations of language. Its likeness is found in the earliest dialects spoken by man, and it has traversed all languages till the present day.

"In history 'boost' built the Roman Empire, which declined when the word ceased to be spoken. Its greatest votaries have been men of the Abraham Lincoln, Bismarck, Gladstone, George Washington, Thomas Jefferson and Tom Edison type—empire builders in thought and deep, in politics, science and creed.

"Translated, 'boost' means faith. And let it not be overlooked that the man who knocks because he wants to boost something better into being is a booster, pure and simple, and not to be rated for a moment alongside of the man who always boosts—with a knock in his sleeve."

Boost the building and loan movement!

PRESIDENT RANKIN: This most valuable paper of Mr. Rosenthal is now open for discussion.

MR. W. G. WEEKS: I merely want to say this in connection with Mr. Rosenthal's interesting paper, that the question of the negro in the South in building and loan associations is not with us of the South an untried field. I venture to say that there is not an association in the South that does not number among its stockholders a certain proportion of negroes. Of course, we offer to give them every advantage,

and take care of them, and do give them every advantage of the stockholders. We try to induce them to build homes. A number of them do take advantage of it, and I am glad to say we have some very good stockholders among the negro race, and we certainly try to do all we can to encourage them in saving.

PRESIDENT RANKIN: We will next be favored by a paper from Hon. Charles Eugene Clark, of Covington, Ky., on "The Housing Question."

THE HOUSING QUESTION.

CHARLES EUGENE CLARK, COVINGTON, KY.
President United States League of Local Building and Loan Associations.

MR. PRESIDENT, LADIES AND GENTLEMEN—In all progressive communities we find a people trying to correct abuses and to increase the sum of human happiness.

Our entire land and its population are a part of our common country, and the aim of its inhabitants should be the sum total of human enjoyment and progress.

Empires find the reason for their being in the families of which they are composed, for the unit of every nation is the home, and our *American Homes* are the foundation of our Republic.

In all civilizations good housing is vital and pertinent to their best interests, for in the final analysis it is for homes for which they labor and which inspire their being and make most largely for human happiness and comfort.

If our beliefs do not advance our welfare, both individually and as members of the community, strengthen us and make us more effective in the struggle for a rational existence, advance our civilization and better enable us to conduct hunger and want, and assist us in securing suitable habitations for ourselves and families, then they are non-effective and should be discarded.

Social progress should ever seek to relieve distress, multiply human conveniences and increase human joys, "make for an economic development, political stability and a desirable social life."

In the struggle of life, we must, if we would barely exist, procure both food and shelter; a broader existence implies a larger enjoyment of all those necessities that conduce to civilized life.

Through the method of men's living, we differentiate the civilized from the barbarous. For as men are progressive, we find them correcting abuses and endeavoring to increase the sum of human happiness.

The vigor, progress and civilization of a nation is measured by

and fully reflected in the economic and social status of its people and the homes which they occupy. For as same are ample, sanitary and wholesome, so are their occupants healthy, progressive, industrious and patriotic.

The individual household is the community in embryo and the welfare of the individual and that of the family is of first consideration to the state.

So before we can advance the state and improve society we must elevate its citizens. For as water cannot rise above its source, so no state or people can exceed its component parts. It but reflects the texture of its basic warp and woof.

The proper housing of a people is of prime importance and one fraught with great consequences, as measured in terms of general welfare.

Crowded tenements stifle all refining influences, entail misery, breed disease, vice and crime, banish hope and multiply human woe.

Through crowded and unsanitary conditions arise epidemics of typhus and cultures of tuberculosis, with death ever claiming his toll, to the impoverishment of the community and the state.

If we would have communities of happy, healthy, successful people, we must improve the living conditions of their inhabitants.

We must cause to be erected more ample, convenient and sanitary homes, wherein refinement and intelligence, as well as hope and contentment may dwell, and the general welfare will be thus promoted.

We must inspire the masses to a larger sense and knowledge of *truth and beauty*, through an ennobling environment of parks, grass plots and flower gardens, as is done in the garden cities of England and the continent.

Otherwise their mental and moral horizons will be measured by that of their starved, confined and degrading surroundings.

Let us never forget that a man but reflects his environment and that the unit of the nation is the home, and that authority and responsibility for its condition and the state of its occupant go hand in hand, and that the greatness of the state depends upon the character of its citizens and that a high standard of character is ever inspired and insured through proper economic and physical conditions.

Both the city and the state must assist, through proper sanitary and building regulations, in securing and insuring a better housing. We are told that the deaths due to preventable causes far outnumber the slain in all the battles of the armies of the world.

Life at best is ever a struggle, and disease is said to be an unerring gunman and slays by platoons.

In this, the twentieth century, we are fast discovering that desirable and proper housing is vitally connected with cheap and

convenient transit. They walk with equal footsteps; there must be co-operation between them.

Our congested populations, and especially those living in unsanitary, crowded tenements and all slum population, must be scattered and re-located over a larger and more healthful territory, and abide in homes, with ample air, sunlight and more pleasing surroundings. It is in the attainment of these purposes that the European cities furnish to us object lessons which we may well copy. For the modern cities of Germany are builded along such lines as will furnish the greatest amount of health, comfort and convenience to their citizenry. Their mission is municipal housekeeping and communal living.

Their traction lines are extended far into the suburbs, while building zones are laid out and regulated so as to afford their residents every possible convenience.

Our traction lines, including the interurbans, are helping to eliminate our crowded and unsanitary tenements and congested districts in our cities. They are scattering our population over a wider territory and are diversifying and beautifying the land with more commodious homesteads, wherein are raised families of healthy, contented children.

Where necessity compels family residence in congested districts, the tenements occupied by them should be made to conform to all proper regulations of the architect and sanitary engineer, including the necessary conveniences of domestic habitations, which largely insure wholesome family life.

Mere miserable tax-earners and rent-getters should not be permitted to exist. They are the bane of the tenement world, breeders of pestilence and infamy and blotches on our modern civilization.

It has been well said that the death of a strong man is the loss of all that he has cost. It is yet more. For his family and society lose, through his untimely demise, the value and fruit of his labor, had he been otherwise spared to a reasonable life of usefulness.

We are told that fevers, which rise in the cellars of the pauper and in the unsanitary cesspools of the tenements, travel the public sewers and stalk in the mansions of the rich and add to the harvests of death. Thus fevers, though incorporeal and insensible, are more deadly than shotted cannon, more far-reaching than poison bombs.

Proper housing must insure freedom from preventable diseases, contaminated water, foul air, improper drainage and overcrowding. Such was the ideal which actuated the governing authorities in the chief cities of Great Britain, when in the last two decades they have condemned and destroyed many overcrowded, unsanitary and congested districts and either built modern tenements for the housing of their people or scattered them in their suburbs.

Good housing spells ample house room, abundant air and sunlight, sanitary plumbing and sewage.

It insures health, happiness and contentment, with the willingness and ability to do useful, remunerative labor. It makes for an ambitious people, cultivates good humor, amiability, modesty, and fosters that virtuous domestic life which constitutes the sum total of human enjoyment, and upon whose existence and integrity is founded the welfare of society and that of the state.

We must never forget that much of the degradation of life is heightened through lack of those facilities which insure cleanliness and modesty. We see this emphasized as we thread our way through the congested districts in our own great cities, as well as those of Europe.

The proper housing of one's self and family, in that domestic retreat called *home,* as well as properly sanitary arranged, conveniently located and well built school houses, churches, factories and other edifices wherein human beings live, congregate or labor, are all factors in the housing question and make for civic betterment.

As we improve their surroundings through the furnishing of ample air and sunlight and garnish them with shrubbery and flowers, we make them more beautiful, wholesome and effective; and they pay larger dividends, which are ever insured by a contented people.

Good housing is largely dependent upon the income of the occupants. Our householders must have fair remuneration from their labor, for the cost of housing is measured in money, either as rent or cost of building and carriage, as well as that of transportation.

The ladder which ascends to heaven must rest upon earth and living is based upon mathematics, that is, *money.*

When the laborer is found worthy of his hire and recompensed accordingly, the housing question is partly solved. Both master and man must work together to promote their mutual well-being.

Crime is said to be the product of neglect and the tenement house a Babel. Let it become an Ark of safety, sanity, healthfulness and comfort and the modern masses may be saved, as were those in the Ark of old, from epidemics that otherwise will sweep them away as by a flood.

Good housing is largely that of the progress of the social spirit. It but reflects the higher ethics. Society must subordinate self to social good and thus serve the general welfare. For we are our brother's keeper and the Divine commandment is "That ye love one another," that is, serve one another. For it is through duty and service that we enter the temple of life, through the gate called Beautiful.

Through an advanced sense of civic pride and beauty much

is being accomplished in the way of better housing of the masses throughout the world, and we in America are actively engaged in the movement. Philanthropy and a keen sense of the value and desirability of better social conditions are opening the way for better housing.

Our municipal authorities, as well as those enlightened communities abroad, see in better tenement conditions increased health among the people, with a decreased hospital maintenance, a more useful and contented citizenry, increased land values, with a larger trade and business.

We may expedite better housing through the purchase of larger areas of land and the building of a fixed type of house thereon, the cost of erection of which is materially cheapened through uniformity in building and by the saving made through the wholesale purchase of materials, as well as the minimum profit that builders are willing to take on a wholesale proposition.

In addition to the helpful work of our own beloved associations, we may hasten a realization of better housing through the purchase of land, either by the municipalities or philanthropic associations, and thus afford suitable building sites and cause the erection thereon at most reasonable prices and terms, homes for the masses. This practice is now much in vogue among the nations of continental Europe and has gained a foothold in our own land.

To insure better housing the authorities must in a measure fix the standard of living by prescribing proper sanitary conditions and insist that not exceeding a given number of persons may simultaneously use and occupy a given amount of house room, thereby insuring ample breathing space, sufficient house room, air and sunlight, which make for health.

Cities must encourage a larger building area by the extension, through a liberal treatment, under proper regulation, of all those public utilities, including those of light, water and transportation, which are large factors and make so much for the health and convenience of their inhabitants, and which conduce so greatly to a city's growth and make for its future.

We must make our cities and homes both attractive and livable. Utility and beauty should be our watchwords and we should never permit business to trespass upon privacy or cleanliness.

It should ever be the endeavor of the local building and loan associations and kindred societies of this, our common country, to contribute in all things, properly within their province, which will make for better housing by encouraging our wage-earners, in a larger degree if possible, to become householders, home owners.

By so doing we will contribute to the happiness of our people. We will conduce to the building, broadening, enriching and ripening of characters that elevate human nature and advance our civili-

zation and which make for the establishment and multiplicity of proper *American homes* and for a higher type of men and women, the very flower, as well as the ripened fruit of a most advanced civilization.

We hold open the door of hope to the masses, for the willing, the striving and the ambitious, who may through the local building and loan association and kindred societies of this, our common country, as well as those throughout the world, secure better homes. We work and make for *better housing.*

God helps them that help themselves, and self-help when working in conjunction with our gospel of *co-operation* spells *certain success.* Through proper endeavor much is accomplished and through supreme effort is born perfection. We bring the music of a new day and inspire all to a greater progression.

Though the state may give us an economic holding, we are told that only we ourselves can make it into an earthly paradise, one which will lead to the creation of perfect human beings and thus help to lift earth towards heaven. This we can do by the creation of better housing conditions, which make for good housing, that is, better homes, in which are crystalized our civilization and hope of heaven.

MR. L. M. STUDEVANT, of Ohio: I desire to offer an amendment to the Constitution and By-laws of the International Congress.

Article V, Section 1, reads as follows: "There shall be a meeting of this Congress on August 11 and 12, 1914, in the city of London, England; and * * * in San Francisco in 1915, and every three years thereafter." The amendment I wish to offer is to strike out the word "three" and insert the word "five," making the next meeting of this Congress in 1920. Article VI of this Constitution provides that this Constitution may be amended at any regular meeting by a two-thirds vote of all the delegates present.

MR. LEON MARTIN, Berkeley, Cal.: I second the motion.

Motion was put to a vote and carried, and it was so ordered.

PRESIDENT RANKIN: Will the Secretary please to read the letters of greeting, cablegrams, etc., which I hand him.

BUILDING SOCIETIES' ASSOCIATION,

73 ETHELBURGA HOUSE, 91 AND 93 BISHOPSGATE, LONDON, E. C.

E. Naylor, Chairman.
John Higham, Deputy-Chairman.
Robert H. Marsh, Secretary.

Telegraphic Address: Annotation, Led, London.

10th JUNE, 1915.

DEAR SIR—At the annual meeting of this Association, held at Westminster Palace Hotel, Victoria Street, S. W.—Mr. E. Naylor in the chair—the following resolution was unanimously passed, on the motion of Mr. Edward Wood, J. P., seconded by Mr. Enoch Hill, J. P.:

> "That this annual meeting of the Building Societies' Association desires to convey its cordial greetings to the International Congress of Building Societies at San Francisco, to say with what interest and pleasure it will watch the growth of the Congress in power and usefulness, and to assure it of its good wishes for a most successful session at San Francisco next July."

In putting the resolution to the meeting, Mr. Naylor spoke very appreciatively of the Congress and its organizers and of his pleasant time with you in Columbus in the fall of 1913. The annual meeting was well attended and was felt to be an interesting and useful gathering. I will send you a report of the proceedings in due course.

Believe me, with all good wishes,

Yours sincerely,

ROBERT H. MARSH.

Mr. L. L. Rankin,
The Buckeye State Building and Loan Company,
22 W. Gay Street, Columbus, Ohio, U. S. A.

THE UNITED BUILDING SOCIETY,

FOX STREET, GOVERNMENT SQUARE, UNITED BUILDINGS.

JOHANNESBURG, SOUTH AFRICA.

F. E. Blackwell, F. I. A. V., Secretary.
Telegraphic Address: "Society."

30th MARCH, 1915.

Lewis L. Rankin, Esq., President International Congress of Building Societies, Columbus, Ohio, U. S. A.:

DEAR MR. RANKIN—I hasten to acknowledge receipt of your letter of the 15th February, in which you extend an invitation to me to attend the Congress to be held in San Francisco in July, and also

desire me to forward you a paper on some subject of my own choosing pertaining to the business of building societies in South Africa.

Your letter arrived only this morning, and I have not had time to consider it, as I am in the middle of my annual balance, which, as you will understand, is fairly heavy. I will, however, give the matter my consideration, and if I find it impossible to comply with your request, I will endeavor to get somebody else to write the paper.

Of course, we have suffered in South Africa through the war, but not to the extent that might be estimated by those in foreign countries. The local rebellion has been quelled, and now our troops are in German Southwest Africa, and I have no doubt that before very long that portion of the earth's surface will be under the domination of the British Empire.

Trusting you will have a good time in 'Frisco, and hoping to receive in due course an account of the proceedings, I am, dear Mr. Rankin,

Very sincerely yours,

F. E. BLACKWELL, Secretary.

THE UNITED BUILDING SOCIETY,

FOX STREET, GOVERNMENT SQUARE, UNITED BUILDINGS.
JOHANNESBURG, SOUTH AFRICA.

F. E. Blackwell, F. I. A. V., Secretary.
Telegraphic Address: "Society."

21st JUNE, 1915.

Lewis L. Rankin, Esq., President International Congress of Building Societies, Columbus, Ohio, U. S. A.:

DEAR MR. RANKIN—I beg to confirm my reply to your letter of the 15th February, and regret that, up to the present, I have been unable to find time for the purpose of preparing a paper on some subject of building society interest appertaining to South Africa, to be read to the Congress to be held at 'Frisco this year. Nor has it been possible for me to obtain the services of anyone else in South Africa for this purpose. I regret, therefore, so far as I am concerned, South Africa will be unrepresented at that Congress, as my hands are altogether too full to permit of my being able to comply with your request.

Wishing you every success, and trusting that the Congress will result in the further advancement of the principles for which we stand, I am, dear Mr. Rankin,

Very faithfully yours,

F. E. BLACKWELL, Secretary.

THE BRITISH COLUMBIA PERMANENT LOAN COMPANY,
VANCOUVER, B. C.

Head Office, Vancouver, B. C.
Incorporated 1898. Special Charter 1909.

MAY 8, 1915.

D. M. Cuthbert, Esq., 223 Spring St., South, Los Angeles, Cal.:

DEAR SIR—Some time ago I was pleased to receive from you a copy of your January 1st financial statement. In view of totally unexpected difficulties which we had to face in our loan company after the declaration of war in August, 1914, and in view of the fact that the drowning of a large number of Americans through the sinking of the "Lusitania," or through events which are apt to occur at any time during the progress of the great war may involve the United States in war, I feel called upon to offer a purely friendly spirit and a few words of advice.

First I would say to use more than usual care in connection with valuations when making loans, as in times like these equities are liable to disappear quickly and many otherwise good borrowers become discouraged and refuse or neglect to make further payment. Governments step in and declare moratoriums, making it difficult for companies to enforce their contracts. For example, in the province of Manitoba we cannot even commence proceedings of any kind against a borrower until he is one year's payments in arrears. If the house is rented we cannot even take possession of the rents, even though our mortgage gives power to take possession of property and collect rents at any time when payments fall in arrears. Moratoriums override all conditions of the mortgage, and under them we find it will in some cases take from two to three years after delinquency before we can become possessed of the property or offer it for sale or collect the revenue. Many otherwise good people take advantage of these conditions, and in the meantime the company is supposed to meet as usual its maturing stocks, bonds and debentures, and to keep up its dividends. Otherwise it would be forced to liquidation. In spite of all these serious difficulties our company is holding its own nicely, keeping a considerable cash reserve fund, and looking forward to payment of the usual half-yearly dividends in July; but this is largely due to the fact that a large portion of our assets consists of permanent non-withdrawable stock and reserve fund, and a large portion of the balance is composed of bonds which are not due and payable for several years to come. Our terminating stocks, liable to be withdrawn on thirty, sixty or ninety days' notice, have now been reduced to about $160,000, and this amount is rapidly disappearing, partly through cash withdrawals and partly through our efforts in having it turned over to three and five year bonds, thus tying the money up to a period which should extend past the present war.

We also found that the pinch following the declaration of war made it impossible to sell mortgages, as the various institutions which usually loan on mortgage or purchase mortgages were themselves financially embarrassed and not willing to consider any further outlay. Even the life insurance companies found that the great demand for policy loans used up their usual supply of cash. If I am right in concluding that a large part of the liabilities of your company consists of investment certificates and terminating capital, a large part of which would be withdrawable on receipt of the usual notice, I would advise that a special effort be made to turn such liabilities into a permanent form or into new contracts binding the money for a term of five years or more. If you think fit you can give the confidential information contained herein to your head officers, and if there is any further information which I might be able to give, I would be pleased to do so at your request, as I am most anxious to assure the stability of the savings of the public invested in such associations as yours and ours. Our total assets are keeping at about $4,000,000, but will suffer some reduction this year, as it is most difficult to secure any new funds to take the place of funds withdrawn. To meet prevailing conditions we have cut expenses very severely and are quite hopeful of being able to maintain a dividend of 8 per cent per annum on our permanent stock, instead of 9 and 10 per cent rates paid in recent years.

I am pleased to be able to say that my health has greatly improved during the past year and that Mrs. Langlois and family continue to enjoy good health. With kind regards to Mrs. Cuthbert and to the officers of your company whom I have met on my visits to Los Angeles, I remain, Yours truly,

THOS. T. LANGLOIS.

PALMERSTON NORTH CO-OPERATIVE BUILDING SOCIETY No. 1 (STARR-BOWKETT).

PALMERSTON NORTH, NEW ZEALAND, 27th May, 1915.

Mr. L. L. Rankin, President International Congress of Building Societies, Ohio, U. S. A.:

DEAR SIR—Your letter of the 10th April, and copy of International Congress Proceedings at London were received here with thanks. With a view to forwarding a paper on Building Societies in New Zealand, I at once wrote to the Government Statistician for last statistics on the subject. From enclosed telegram to me you will perceive that there was delay, preventing me carrying out my intention. There is as yet no general organization of New Zealand building societies. After receipt of promised literature concerning present Congress and building and loan associations, I may find

time to originate the creation of such a body in New Zealand. I shall like to do so, and if informed early when and where next conference takes place, I may perhaps be able to report success on next occasion.

There were 109 registered building societies in operation on the 31st March, 1914. Of these, 72 were terminable societies, and 37 were the permanent.

The dates upon which these societies close their accounts vary considerably within the year, but the figures hereafter may be taken as corresponding to the periods stated.

The liabilities and assets of all the societies at the close of each of the past five financial years were as follows:

LIABILITIES OF BUILDING AND INVESTMENT SOCIETIES, 1909-10 TO 1913-14.

Year.	To Shareholders (including Reserve Funds and Undivided Profits)	Deposits.	To Bankers and other Creditors.	Total Liabilities.
	£	£	£	£
1909–10	1,779,745	460,376	104,171	2,344,292
1910–11	1,895,425	475,830	132,461	2,503,716
1911–12	2,020,614	497,063	131,939	2,649,616
1912–13	2,105,837	540,768	132,544	2,779,149
1913–14	2,151,098	612,170	105,476	2,868,744

ASSETS OF BUILDING AND INVESTMENT SOCIETIES, 1909-10 TO 1913-14.

Year.	Advances on Mortgage.	Other Investments.	Cash in Hand and on Deposit.	Total Assets.
	£	£	£	£
1909–10	2,180,053	50,072	114,167	2,344,292
1910–11	2,327,299	60,001	116,416	2,503,716
1911–12	2,473,766	65,898	109,952	2,649,616
1912–13	2,614,849	63,825	100,475	2,779,149
1913–14	2,715,771	67,739	85,234	2,868,744

The Government of this country advances money on first mortgages for building purposes, in accordance with regulations:

It lends money for the purpose of purchasing or erecting a dwelling, to any person employed in manual or clerical work who is not in receipt of an income of more than £200 per annum, and is not the owner of any land other than the allotment on which it

is proposed to build. The sum advanced must not exceed £450, nor may any advance be granted exceeding the value of the dwelling house to be erected. The advance is secured by a mortgage over the whole property.

The interest is payable half-yearly, together with an instalment of the principal, which by this means is fully repaid in thirty-six and a half years, as the case may be, when the mortgage is released. Valuation fees and the cost of preparing and registering the necessary deeds are fixed by regulation on an exceedingly low scale, and are payable by the borrower.

I should like to get one or two Books of Rules of your most successful building societies—permanent and terminating, and will reciprocate hereafter.

Hoping this will reach you in time for your purpose, and with my best wishes for your undertaking, believe me to be, dear sir,

Yours truly,

G. HIRSCH, Secretary.

EQUITABLE BUILDING SOCIETY.

LAUNCESTON, TASMANIA, 15th June, 1915.

L. L. Rankin, Esq., Rankin Building, 22 W. Gay Street, Columbus, Ohio, U. S. A.:

DEAR SIR—I am in receipt of your favor of the 27th April, also by later mail the copy of proceedings of the First International Congress of Building Societies, held in London in August last, for which I thank you.

The latter was particularly interesting, and went to show the vast amount of money invested in these societies, and the great number of people connected with them.

Referring to your letter, I regret to say that I cannot give you any further particulars than those given in my letters to you of 11th August, 1913, and 30th January, 1914 (not acknowledged), nor help in the good work by putting you in touch with societies organizations in Australia, but I have written a brief sketch of building society work here, which, if you think it sufficiently interesting, you can have read at the next meeting of the Congress on 30th July next.

In addition, I am enclosing a copy of the Building Societies Act, under which we were established, and form of application, and copies of the rules, prospectuses and last balance sheets of Tasmanian societies. There is a Registrar of Building Societies at the Capital, and I wrote for statistics relating to societies, but up to the present have not received any reply.

Wishing you a second successful Congress, and thanking you in anticipation for your promised copy of your proceedings at San Francisco, I am,

Yours truly,

W. H. PATTEN, Secretary.

EQUITABLE BUILDING SOCIETY.

WORK OF BUILDING SOCIETIES IN TASMANIA.

LAUNCESTON, 15th June, 1915.

We Launceston people are such a small community compared with those that will be represented at the International Congress that it is with a certain amount of diffidence that I submit the following short sketch of building society work at this end of the world, and I may say that it is only out of deference to your worthy and energetic chairman that I do so.

There are between 140 and 150 building societies in Australia, with total assets of about £4,500,000, but there are no unions or general organizations of societies, and although many of them are on a much larger scale than ours, and well worthy of representation, this letter will not refer to them at all, but only to societies in Tasmania, the smallest state of the commonwealth, with a population of something over 200,000. Of this, Hobart (the capital) and suburbs have about 40,000, and Launceston about 25,000. There are four societies in Tasmania, one in Hobart and three in Launceston, the total assets being £335,000. All societies in Tasmania are on the mutual principle, borrowers and investors (shareholders not depositors) participating alike in surplus profits, and so far we have not felt the need of combining forces either to obtain needed legislation or preventing adverse legislation.

The balance-sheets for the last twelve months show that the four societies received £24,000 in subscription, £68,000 in repayments on money advances, and £46,000 on deposit, and paid away for shares matured and withdrawn £29,000, advanced £64,000, and repaid £49,000 deposits.

The societies in Tasmania are founded on similar lines to those in Australia and other parts of the world, the ones here being established in conformity with the provisions and under the authority and sanction of the Building Societies Act, 1876.

The Equitable Building Society was established in 1870 for the purpose of raising by subscriptions or payment of the members a stock or fund for making advances to them out of the funds of the society upon security of freehold or leasehold estate by the way of mortgage, and generally for the purposes allowed by the Act, the stock or funds consisting of permanent or terminating shares and borrowing shares. Although possessing the power to issue per-

manent shares the board of directors have not taken advantage of it, but have relied on the subscriptions on terminating and paid-up shares to furnish sufficient capital for the satisfactory working of the society, supplemented by money received on deposits fixed for twelve months at 4 per cent per annum, payable half-yearly. One society in Launceston issued some permanent shares recently, and now has a fixed capital of about £3,000.

As an illustration of our terminating shares, I may say that monthly payments of 14/10, 10/2, 6/6, and 3/10 for 5, 7, 10 and 15 years realize £50 at the end of their respective periods, plus a bonus or share in the profits, the amounts paid in being improved at the rate of 5 per cent compound interest. Should a shareholder be unable to continue his subscriptions for the full period, he can either transfer the share or shares he holds, or withdraw the cash value by giving one month's notice in writing of his intention to do so. The cash value being made up of the amount paid in, plus 3½ per cent per annum after the first year, increased by one-fourth of 1 per cent up to the eighth year, for which and subsequent years the rate allowed on withdrawals is 5 per cent. These shares are very popular, and are availed of by clerks, workingmen, wives, and widows, and many of our townspeople date their success in life from investments in our society, and further the habit of thrift inculcated by the necessary regular monthly payments, usually becomes a confirmed one, much to the advantage of the investor and his immediate connections.

Paid-up shares are issued for periods of from 5 to 21 years, and as an illustration I will quote the cost of the shortest and longest periods, viz., £39 . 3 . 6 paid now will realize £50 in 5 years, and £17 . 18 . 11 will realize a like amount in 21 years, and as all shares participate in the division of surplus profit (bonus, we call it) allotted during the period of their existence, the matured value is considerably augmented. These shares are now availed of as endowments or annuities.

Some authorities contend that a fluctuating capital is a menace to building societies, and that capital consisting of permanent shares would increase the financial stability of such institutions, but as the withdrawal of capital is controlled by the directors, subject to the rules, there is not much need to fear embarrassment in any crisis, as in the first instance a month's notice has to be given of intention to withdraw, and secondly, if from the notices given the directors consider it advisable, instead of paying the whole out in the order of the notices given, they have the power to allocate the portions to be withdrawn in such a manner that each member may receive an equal portion of his subscriptions.

We lend to others than members, who, when they become borrowers, virtually become members, and have the value of their

LEON MARTIN,
Assistant Secretary International Congress, San Francisco, Cal.

shares "advanced" to them, and become amenable to the rules of the society. We have only one rate, whatever the locality, and lend up to three-fourths of the value for loans up to 12 years, and two-thirds for any longer period, the basis rate of interest being 6½ per cent, and the loans repayable by installments of principal and interest, either monthly, quarterly, half-yearly, or yearly, as preferred. Allowance is made for the amount of principal paid with each installment, so that while the latter remains the same the proportion of interest decreases, and the proportion of principal increases. We quote sometimes the following as an illustration of the advantage of borrowing from a building society instead of privately on flat mortgage, viz:

Supposing a man borrowed £200 for 5 years at, say, 5% per annum—

He would pay in that time for interest....£ 50 . 0 . 0
And then have to find the principal..... 200 . 0 . 0

£250 . 0 . 0

While if he borrowed from a building society the same amount for a similar term, to be repaid by monthly installments of principal and interest, he would pay in five years £235, thereby saving £15, and being relieved of the necessity of finding the £200 in a lump sum at the end of the term. Of course, he loses the use of part of his principal each month, but in nine cases out of ten he would lose the principal altogether, unless he availed himself of a building society and took up shares as a sinking fund.

At one time the borrowers had an equal voice in the management of the society, but it was found not to work satisfactorily, as in the case of one society they tried to dictate to the directors the lines on which the society's affairs should be conducted, and after that the rules of the local societies at any rate were amended, and all voting power taken away from the borrowers.

Speculation is not connived at or knowingly abetted, as there is always the possibility of the speculator borrowing beyond his ability to repay, and the society being left in possession of undesirable securities, and as we do not foreclose and become actual beneficial owners, we never can at any time make a profit out of properties in possession, but only deduct amount of loan, interest, and charges to date of sale, and hand the surplus to the original mortgagor. The man we like to help, and look upon as the most desirable client, is the one who wants a home of his own, as then he makes special efforts and sometimes sacrifices to keep his engagements in the hope of achieving the desired object.

As already mentioned, building societies here do not go to the expense of foreclosure, as our rules give us power when default has

been made, or the borrower has become bankrupt, or filed a petition for liquidation by arrangment, whether in arrears with his payments or not, to enter either with or without the privity or consent of the mortgagor, and take absolute possession of the mortgaged premises, and to let same for any term, and to sell and absolutely dispose of the whole or part of the mortgaged property, by either private contract or public auction, for the most money that can be reasonably gotten for the same. When the title is under what is known here as the Real Property Act we find it sufficient to serve a notice under the 53rd section of that Act on the borrower personally or on the land, notifying him and all persons interested that default has been made, and that a sale will be effected if such default be continued. If the loan and interest is not paid within thirty days the society can then give a good title to any purchaser, the transfer being accompanied by the title mortgage under the powers of which the sale is being made, a copy of the notice to pay off with a declaration of service endorsed, and a declaration that the notice was served and default continued.

Under the old system of general law the mortgage operates as a conveyance, so that when default is made and continued for periods provided for in the rules, the mortgaged property can be conveyed in the ordinary way. The mortgage under which the power was given accompanying and being a part and parcel of the title.

It is generally conceded that building societies if conducted upon sound principles are capable beyond all doubt of conferring upon the industrious and middle classes inestimable benefits, but their stability and prosperity must be measured by the integrity with which they are conducted. The paramount idea being to afford every one, even of the smallest means, the possibility of investing their savings, and admitting all industrious classes into either present or prospective participation in the ownership of land.

W. H. PATTEN, Secretary,
Equitable Building Society, Launceston, Tasmania.

WESTERN UNION CABLEGRAM.

Theo. N. Vail, President.

Received at 6SF RF Marsoni, Halifax 22.

Rankin, President Building and Loan Convention, Inside Inn, Exposition, San Francisco, Cal.:

Heartiest greetings and wishes for happy, successful convention.
SECRETARY HILL, Halifax, England.

8:12 A.M. July 27, 1915.

HALIFAX PERMANENT BENEFIT BUILDING SOCIETY.

Head Office: Princess Street.
Established 1853. Incorporated 1875.
Secretary: Enoch Hill, F. O. I. S.

HALIFAX, 26th June, 1915.

L. L. Rankin, Esq., The Buckeye State Building and Loan Company, Columbus, Ohio:

INTERNATIONAL CONGRESS.

DEAR MR. RANKIN—Adverting to my letter to you dated the 21st inst. I am now sending to you the after-mentioned contributions to be read at the second International Congress of Building and Loan Associations and Building Societies, to be held at San Francisco next month, viz:

1. Letter of Greeting, dated the 23d June, 1915, from Mr. C. F. Sanders, J. P., of Cardiff, joint manager and secretary of the Principality Building Society, Cardiff, and member of the Executive Committee of the Building Societies' Association of England.

2. A paper entitled "Warwick and Its Building Societies," by Alderman J. C. Purser, J. P., of Warwick, England, and chairman of the Warwick and Warwickshire Permanent Benefit Building Society.

3. A paper by myself, entitled "English Building Societies During Ten Months of War."

These, I think, will complete contributions and papers to be read at the Congress from your friends in England.

I am very greatly disappointed that the terrible war now raging in Europe prevents me from making my proposed trip to San Francisco next month and sharing in the deliberations of your Congress.

I have had a very kind letter this morning from Mr. Leon Martin, of Berkeley, Cal., assistant secretary to the Congress, and I am very happy at being able, with complete confidence, to leave all the secretarial duties in his hands. I know they will be carried out with distinguished ability, discretion and faithfulness.

With every good wish to yourself and our mutual friends, I remain, Yours faithfully,

E. HILL, Secretary, Co.

THE BUILDING SOCIETIES' GAZETTE
AND LAND COMPANIES' RECORD.
Publishers: Reed & Co., 37 Cursitor Street, Chancery Lane.
Established 1889.
The only journal published in the United Kingdom
devoted to the interest of Building Societies.

LONDON, E. C., July 1, 1915.

DEAR MR. RANKIN—Just a line to express to you and the delegates assembled in San Francisco the hearty wishes of Mr. George Franey and myself for the success of the second International Congress of Building and Loan Associations. Unfortunately, the circumstances which prevented Great Britain from taking a more active part in the first Congress, held in London, are still operating, and it is to be feared that no direct representation of this country will be found in the beautiful city of the West; but the members of the convention may feel assured that their proceedings will be followed with the greatest interest by all who are working on behalf of the building society movement here—an interest not only professional, but fraternal in its character.

You will join me, I know, in the most sincere hope that, when the third International Congress is held, peace shall be again reigning over the earth and that the nations of Europe shall have so far recovered from the tension and strain of this horrible war as to be able to send a large delegation to take an active part in the important work of the Congress in the future.

Believe me, Yours sincerely,
J. PERROTT, Editor.

THIRD EQUITABLE BENEFIT BUILDING SOCIETY,
48 MARKET STREET, BRADFORD.
Naylor & Riley, Secretaries.

JUNE 7, 1915.

DEAR MR. HILL—I very much regret that the continuation of the war will to some extent interfere with the perfect success of the International Congress, which you have so much at heart and for which you have spent so much time and energy. At such a time as the present it is, of course, impossible that Europe can take any active part in it, and this following on the disappointment which many of us had last year. I have very pleasant recollections of interviews I had with many secretaries of building and loan associations in the United States towards the end of 1913, and fully realize what a pleasure it would have been to attend the Congress.

Fortunately, there is in the states such a large number of associations and enthusiastic secretaries that the success is assured, although it will lack somewhat of the international character which it would have had under more fortunate circumstances.

I know how fruitful for good such meetings are, and desire to express my very best wishes for the success of the Congress, that not only may it be a time full of interest for those attending, but that its influence may extend to all associations connected with the United States League of Building and Loan Associations and that through a perusal of the proceedings we may, even here, have some benefit from it.

To Mr. Rankin, personally, I shall be very glad if you will express my very kind regards and my sincere trust that he may feel that the results more than justify all that he has done in establishing the International Congress.

With very kind regards, I am,
Sincerely yours, E. NAYLOR.

Enoch Hill, Esq.,
Hon. Secretary of the International Congress of Building and Loan Associations, etc., Princess Street, Halifax.

FOURTH CITY MUTUAL BENEFIT BUILDING SOCIETY,
OFFICES: 2 COLEMAN STREET, LONDON, E. C.
Manager, J. Higham.

12th JUNE, 1915.

Enoch Hill, Esq., Secretary, International Congress of Building Societies:

DEAR MR. HILL—I very much regret that I shall be unable to attend the International Congress at San Francisco next month, but trust it will be a great success.

I had hoped that I might have been able to arrange to be present, but while Europe is engaged in this terrible war, I feel that it is not the time to absent myself from my duties for several weeks.

Under these circumstances, I should like to send through you, as secretary to the Congress, a letter of greeting to our confreres who will be gathered there, in order to express to them my good will and kindly feeling.

I have perused with much interest several pamphlets dealing with associations in the United States carrying on similar work to our own societies and have been amazed at their magnitude. America has a reputation for greatness, and her societies are undoubtedly an example of the practical common sense and business acumen which make success.

There is no doubt that such institutions are a benefit to the community. Investing members receive a good rate of interest, and persons with small means are encouraged to commence to save, while those who purchase houses through their medium have the satisfac-

tion of ownership and often go on through these small beginnings to greater things.

I am glad to have the opportunity of not only wishing that the forthcoming Congress may have a helpful series of meetings, but that the societies throughout the states may receive an impetus that shall still further increase their success.

I remain, Yours faithfully,

JOHN HIGHAM,

Vice-Chairman of the Executive Committee, the Building Societies' Association.

TEMPERANCE PERMANENT BUILDING SOCIETY,

4, 6 AND 8 LUDGATE HILL, LONDON, E. C.

Edward Wood, Manager and Secretary.

16th JUNE, 1915.

Enoch Hill, Esq., Princess Street, Halifax:

DEAR MR. HILL—I shall be greatly obliged if you will convey to the International Congress of Building Societies and Loan Associations my heartiest greetings and best wishes.

I have most pleasant recollections of the meetings in London last year, which greatly impressed me with the usefulness of such gatherings.

Perhaps you will also convey to Mr. Rankin and others whom I met on that occasion, my kindest regards. In addition to our business intercourse, I spent some delightful hours with them outside the Congress, and I am hopeful that at some future date we may be able to renew the association thus commenced.

Sincerely yours, EDWARD WOOD.

L. L. Rankin, Esq., President, and the Officers and Delegates attending the International Congress of Building and Loan Associations and Building Societies at San Francisco, July, 1915:

GENTLEMEN—It would have given me the keenest pleasure to have crossed the Atlantic Ocean, traversed the great United States from East to West, viewed the renowned city of San Francisco and stood upon the shores of the Pacific, and above all, to be present at and to take part in the deliberations of your Congress. It would have fulfilled the dream of my life, but it is not to be.

I have an assured feeling that your Congress will be a great success and prove eminently useful.

I send you my heartiest greetings; pray accept the expression of my sincere and earnest good will and cordial friendship.

Believe me to be Very truly yours,

CHARLES G CUTLER.

THE CHELTENHAM AND GLOUCESTERSHIRE PERMANENT MUTUAL BENEFIT BUILDING SOCIETY,

18 CLARENCE STREET.

David Lewis, J. P., Secretary.

CHELTENHAM, 22d May, 1915.

To the Delegates Assembled at the International Congress of Building Societies, at San Francisco, July, 1915:

It is unfortunately only too probable that the terrible conditions at present prevailing in Europe will exercise a prejudicial effect upon the attendance at the Congress of delegates from the British Isles; but in order to ensure that the voice of English building societies shall not be entirely silenced by the thunders of war the suggestion has been made that written greetings shall be substituted, so far as possible, for those which would, in happier circumstances, have been conveyed by word of mouth. It affords me, therefore, the greatest pleasure to place on record in this manner the heartiest good wishes of the Cheltenham Building Socity towards kindred institutions throughout the world, and to express the sincere hope that a large measure of success will attend the Congress now assembled, and all affiliated building societies.

A further suggestion has been made to me, by Mr. Enoch Hill, a member of the English Building Societies Association, that this letter of greeting shall embody a reference to my personal experience in building society affairs; and though I question my ability to add anything of an original nature to the expert knowledge of the assembled delegates, I gladly offer the following comments for what they are worth:

The fruit of my experience of thirty years' secretaryship, briefly summed up, is a profound faith in the building society movement, and the conviction that it is destined to play an increasingly useful part in the social life of that portion of the community for which it is primarily intended. If I may be acquitted of any suspicion of "having an axe to grind," I will very briefly indicate the reasons for my conviction by references to the growth which it has been my privilege to witness in the society of which I am secretary. During these thirty years the society's growth has been remarkable, its assets alone increasing nearly seven-fold; and this in spite of an environment differing very considerably from that of similar or larger societies in the Kingdom, all of which are situated in the heart of vast industrial centres, whilst the population of this town and district has shown scarcely any growth. I suggest that the causes resulting in such development may, therefore, be accepted as sound and reliable ground for testimony. And what, briefly, were these causes?

Firstly, a rigid adherence to the true functions of a building

society—namely, the creation and maintenance of benefits which shall be mutual to borrower and investor. There will always be opportunity to exercise such functions as long as wealth remains unequally distributed; and therefore the building society movement is based on an economically sound foundation, in that it seeks to establish a balance between supply and demand in the financial world. The investor seeks a safe investment for his money; the borrower displays the spirit of true thrift in desiring to become his own landlord. The institution which supplies the means of gratifying these two ends is of great economic value, and not only deserves, but commands success.

Secondly, the constant exercise of sound principles in the conduct of the affairs of the society. It is not always easy to keep in view the dual purpose of the society's operations; and herein lies the necessity for a directorate composed of shrewd, sound and practical men of business, who are able to appreciate the requirements of both sections of members. The investor must be given absolute security, coupled with fair remuneration for his money and a reasonable readiness of withdrawal in case of need; the borrower seeks fair terms, and a scale of repayment which shall be compatible with a (probably) limited income. The utmost discretion must be exercised in selecting the securities upon which advances are to be made; in any cases of doubt, professional valuations should be made, and the prudent board will even then require the borrower to find an appreciable portion of the value, whilst I also maintain that it is sound policy to give preference to a borrower who is endeavoring to purchase the house he occupies. It has no doubt been keenly appreciated by all students of the internal conduct of building societies that the corollary of "mutual benefit" is "small profits." Hence the necessity for eliminating from the society's program all questionable or speculative schemes. To this end I cannot too strongly urge the advisableness of distributing the mortgages of the society upon as wide a basis as possible, and keeping down the average indebtedness per mortgage to an absolute minimum. The success which has attended this aim, in connection with the Cheltenham Building Society, will be realized when I mention that although our mortgage assets amount to over £860,000, this sum is spread out over nearly 3,300 mortgages, giving an average per mortgage of less than £261. I need not enlarge upon the wisdom of this policy. Then again, such profits as are made, after meeting the management and working expenses, can, in my opinion, have but one destination, namely, to be held in reserve in some form of Government or trustee security, wherein they shall be immune, so far as possible, from depreciation, and at the same time be readily realizable in case of necessity. It is also absolutely essential, to my mind, to provide a stringent system of audit, which should include a professional audit of deeds as well as of the purely monetary transactions. The neglect of such a precaution merely on account of the expense it may involve is nothing less than folly. It is obvious, too, that the aforesaid "small profits" entail strictest economy in every phase of the administration of the business; and Wilkins Micawber's financial philosophy is truly as applicable to our particular line of business as it was to his domestic affairs.

The foregoing principles have been put to the test in this society, most of them at my personal suggestion, and they have not been found wanting; on the contrary, I have seen indisputable evidence of their value, and, after all, "by their fruits shall ye know them."

Probably some of the delegates present may represent societies of tender years and limited experience; and I feel that no more suitable form of greeting could come from this society than this attempt to show what has been done, in the hope that it may be of some assistance in establishing the position of kindred institutions throughout the world.

For and on behalf of the Cheltenham and Gloustershire Building Society.

DAVID LEWIS, Secretary.

LONDONDERRY PROVIDENT BUILDING SOCIETY,
7 CASTLE STREET, LONDONBERRY.
T. S. Magee & Son, House and Land Agents, Stockbrokers.
J. Gilbert Magee, District Receiver.

18th MAY, 1915.

Enoch Hill, Esq., J. P., Princess Street, Halifax:

DEAR MR. HILL—I should like to send a word of greeting to the International Congress of Building Societies, to be held in July, and to express the hope of my directors and myself that the meeting may be an unqualified success.

To Mr. Rankin and the other delegates I met last August, I send my personal good wishes. What I saw of them made me wish to see a lot more, and I trust at some time in the not far off future it may be my privilege to do so.

Yours very truly.

J. GILBERT MAGEE, Secretary.

W. Sievewright Stobey, secretary of the British Guiana Building Society, of Georgetown, British Guiana, South America, sent his report, a synopsis of which was read to the Congress. The report showed assets of $303,299.75, with good reserve fund and practically no real estate. Mr. Stobey is an enthusiastic worker in the cause of securing homes for the people of his city.

HALIFAX PERMANENT BENEFIT BUILDING SOCIETY.

Head Office: Princess Street.
Secretary: Enoch Hill, F. O. I. S.

HALIFAX, June, 1915.

To the President and Delegates Attending the Second International Congress of Building and Loan Associations and Building Societies, Held at San Francisco, July 30 and 31, 1915:

COMRADES—Hearty greeting from Hon. Secretary, Enoch Hill, of Halifax, England.

I am deeply sorry not to be with you. One thing only prevents me. My country needs me now. Every Englishman in charge of a building society, if not bearing arms, will at this moment feel that his duty and his wish is to be at his post. My country is giving aid and shedding its blood in defending liberty and demanding honorable regard to guarantees and the right of little nations to exist in Europe. Whilst this is the work which demands our urgent and utmost endeavor, we do not and intend not to lose sight of the object of our daily work, viz., to assist men and women not only to inhabit, but to own homes which may be the pride and add to the comfort of their lives. In this work I greet each one of you as a comrade. I hope and pray that the Congress in which you are met, notwithstanding the horrible war which prevents Europeans from sharing in your deliberations, will be abundantly successful, and that it will inspire you to return to your labors with renewed and increased strength, wisdom, and devotion, and that the blessings of your co-operative endeavors will be extended to ever-increasing numbers.

In the name of the directors of the Halifax Permanent Benefit Building Society, and its over 50,000 members, I send you every good wish.

Yours faithfully,

E. HILL, Hon. Sec.,

International Congress Building and Loan Associations and Building Societies, 1915.

Chas. F. Buck. Geo. C. Walshe. Frank W. Magne. Chas. F. Buck, Jr.

BUCK, WALSHE & BUCK,
LAW OFFICES,
507 HENNEN BUILDING.

NEW ORLEANS, July 24, 1915.

Mr. L. L. Rankin, President of the International Congress of Building Societies, San Francisco, Cal.:

DEAR SIR—As one of those privileged to participate in its organization meeting, I send greetings to the International Congress of Building Societies on the occasion of its second meeting, to be held in San Francisco during the last days of this month, and regret that it is impossible for me to be present.

In the more enlightened portions of the world there has been, in recent years, a great movement for the uplift and betterment of the mass of the people, but underlying this movement there have been in different places, two fundamentally different ideas, which might be called the individual idea and the state idea, as the object sought to be accomplished is looked upon as the end in itself, or but the means to an end.

Under the state idea, the individual is considered a part of the whole, a cog in the machinery of the state, with the duty in the nation and its rulers, because it is to the interest of the state, to provide for the comfort and well-being of the people, to the extent necessary to make them more useful members of the community.

Under the individual idea, on the contrary, the people are encouraged, for their own sakes, to develop their own intellectual, moral and financial independence; the state is considered but an instrumentality to be used by the people, to assist them in the accomplishment of these results, while those in authority are looked upon as servants of the people.

One of the important factors in the practical working out of the individual idea has been the principle of co-operation, whereby a number of individuals voluntarily band together to carry out plans for their mutual betterment and comfort. This co-operative principle has spread from associations of individuals, to organizations of these associations, and national organizations were beginning to co-operate in international bodies.

The good that such organizations accomplish cannot be well calculated, and the more numerous such bodies are, and the greater their activities, the more it means for progress in improved living conditions and development of character.

Unfortunately, just at the time of the international organization of the various bodies throughout the world, engaged in the work of improving the housing conditions of the great mass of the people, with their consequent moral, material and financial betterment, a large part of the world has become engaged in a most disastrous war, which for the time being, at least in the countries directly involved, has made the state idea dominant, and greatly weakened and subordinated the individual idea. But the war cannot last indefinitely, and when it is over the need will be greater than before for the co-operation of these organizations in the spread of the individual idea.

While, therefore, the conditions under which the International Congress of Building Societies was organized, and is now to hold its second meeting, are as unfavorable as they well could be, this

should not dishearten or discourage those concerned in carrying on the work, but rather stimulate all to continue and strengthen the organization of the Congress, so that at the end of this war it will be fully prepared to do a work greater and more helpful than would otherwise have been possible, and both by its example and by its active advocacy help to encourage the application of the principle of co-operation in all the movements looking to the advancement of the welfare of the peoples of the world.

Respectfully,

GEO. C. WALSHE.

THE BRITISH GUIANA BUILDING SOCIETY, LIMITED.

GEORGETOWN, 10th July, 1915.

L. L. Rankin, Esq., President International Congress of Building Societies:

DEAR SIR—I have to acknowledge receipt of your letters extending invitation to this society to send a representative to the Congress to be held at the end of this month.

I regret to say that it is found impossible to comply with your wishes, the time of fixture being inconvenient. I delayed writing, as I had hoped some arrangement might have been made, but finding it now impracticable, it only remains for me to forward my greeting to the Congress and express the wish that the work done may be found useful to building societies located in all parts of the world.

The need of this society was felt thirty years ago by a few of the poorer citizens; a representation having been made to some of the leading men of those days, their interest was awakened, and at a public meeting held under the presidency of His Worship, the then Mayor of Georgetown, the late R. P. Drysdale, a provisional committee was appointed to frame rules and regulations, and on the 9th February, 1885, the British Guiana Building Society, Limited, was fairly established and a board of directors nominated, one of the influential citizens of that time, the late Geo. Anderson Forshaw, Esq., the leading solicitor of that period, being appointed its first chairman.

The growth of the society has been gradual and it has now reached a fairly satisfactory figure. At December, 1914, it consisted of 1,704 members holding 8,740 shares. The mortgage and temporary loans assets stood at $295,930.76. These figures as compared with your institutions abroad are hardly interesting, but it must be taken into account that the field of operation is exceedingly limited. Georgetown, the capital of British Guiana, is situated at the mouth of the Demerara River; its population is about 60,000; it is a well-laid-out city, with about fifty miles of streets, running at right angles with each other, fairly broad. It possesses some

fine public buildings; nearly all of the buildings are of wooden structure, of very airy construction, suitable for the tropics. It is in this restricted area the greater part of the society's business is done, and it is to be complimented in making such headway when it is considered that there are two fire insurance companies, one life, four pawn-broking companies, one investment company, and various trusts and private individuals engaged in the same mortgage business. But it is to be hoped that the society, which has made itself felt in so small a community and has developed so consistently, will make itself more felt in the near future.

This is but a brief letter, hurriedly forwarded, to prove that although so far distant, our interest is centered in the conference, and we have one in common—each trying to promote the welfare of the people in whose midst we are placed.

Under separate cover I forwarded you literature at my disposal, as well as a few postcards of the city of Georgetown.

With kind regards, I remain,

Yours faithfully,

W. SIEVEWRIGHT STOBEY, Secretary.

CARDIFF, WALES, 23d June, 1915.

L. L. Rankin, Esq., President International Congress of Building Associations, San Francisco, Cal.:

DEAR MR. RANKIN—The first International Congress, held in London last August, did me the honor to elect me a member of the Executive Committee, and it is therefore the more a matter of regret to me that it is impossible for me to attend the Congress to be held at San Francisco.

It would have been a great pleasure to renew my acquaintance with the friends I met in London and to get to know a large number of others engaged in similar work in your great country, as well as from other parts of the world.

We saw sufficient last August to convince us that we have much to learn by an interchange of ideas and by the communication of facts and features of our work which would be otherwise unknown outside our own sphere of usefulness.

I have been much interested to learn of the great amount of business done by building associations in the United States and of some of the very interesting features of the work.

Though circumstances may not favor the adoption of the methods used in another country, there will always be an advantage in the knowledge of varying schemes and the wider range of facilities to which they will give rise, by the application of similar principles or the suggestion of other lines of action analagous thereto.

Details of management—forms of procedure—rates of interest—will be different and many other variations will occur, but the fundamental principles upon which building societies have been long established in this country, and similar associations in other lands, will remain.

"Every man his own landlord"—a home, a resting place, a family "roof-tree"—for every toiler, is the goal towards which we move, and the operations of our various organizations have not only been vast in extent, but have been, I venture to believe, fruitful of comfort and happiness to millions the world over.

The encouragement to frugality, economy and providence by the opportunities offered for secure and regular investment of savings, has also been productive of immense benefits, and these virtues will need cultivation in the immediate future in this and other lands.

Passing events—serious though they may be, here or elsewhere—will leave our principles and methods sound and permanent and will even prove the solidity of the foundations upon which our numerous associations are built up.

Wishing you a happy and useful gathering, of the good results of which I am confident, and with very kind regards to all friends, I am, dear Mr. Rankin,

Yours very faithfully,

C. F. SANDERS.

ENGLISH BUILDING SOCIETIES DURING TEN MONTHS OF WAR.

A PAPER BY MR. ENOCH HILL, J. P., F. C. I. S,

Secretary and Manager of the Halifax Permanent Benefit Building Society, of Halifax, England.

I have been invited to submit to the second International Congress of Building and Loan Associations and Building Societies, assembled at San Francisco in July, 1915, some facts and impressions relative to the condition of building societies in England during ten months' experience of the horrible war now being waged by the most mighty nations in Europe. I think the questions which call for an answer are:

"How have building societies as financial institutions stood the shock of war?"

"How have they borne the strain of its continuance?"

As probably many of you (at any rate those I had the great pleasure of meeting at the annual convention of the United States League of Building and Loan Associations, held at Milwaukee in 1913, and again in London, England, in 1914) may remember, I have the great honor of being secretary and manager of the Halifax

Permanent Benefit Building Society, which has a larger number of members and a greater capital than any similar society, and I also hold the position as general manager to the Halifax and District Permanent Banking Company, Limited, which is engaged in conducting an ordinary commercial banking business.

I have therefore had considerable experience and a good opportunity of realizing the effects of the war upon these institutions.

Although building societies are of comparatively modern growth on permanent lines, they had long before the outbreak of war firmly established themselves in England, and they have enjoyed wide popularity, contributing as they have done and continue to do in a high degree to the welfare of the nation by spreading the encouragement of thrift, by fostering self-help, and awakening and strengthening the love of home. As saving institutions they have earned the respect and confidence of a very large proportion of the public of our country.

Prior to August last no building society in England had prepared in any way for, or seriously contemplated the possibility of such a war as is now raging on the continent. When, therefore, the clash of arms rang through the land, these societies had to rely upon their ordinary resources and the loyalty and trustfulness of their members and depositors. In other words, their soundness and the confidence placed in them by all with whom they did business were immediately and without warning put to the most severe test.

How magnificently these societies proved their strength and reliableness is proved by the fact that not a single society from one end of the country to the other failed to fulfill its obligations entirely. The absolute confidence displayed by the investors and depositors is beyond all praise. The control of my own society, with its head office in Halifax and branches in some eighty towns and villages, gave me an experience which I may claim as unique, and I have no knowledge of any single withdrawal from the society which was due to panic or doubt of the safety of this institution. This state of things may possibly be accounted for by the various branches of the society being managed by local directors and local officials, who are not only appreciated by the local members, but have the benefit of local information in the conduct of the society's business. I think also that the experience of managers of other building societies in England has been similar to my own, because so far as I have come in personal contact with them I have heard of the most absolute confidence placed by members in their societies, and it is well known that generally throughout the country the income was maintained, and in some cases exceeded; the withdrawals were, with possibly one or two exceptions, normal or below the normal, and that there was throughout the country an expansion of

business and an increase in the aggregate capital quite equal to or above the average of recent years.

For several years past the policy of my directors has been to specially invest large sums of money at call or short notice as a cash reserve for financial emergencies, and the wisdom and value of this policy was demonstrated when the crisis arose at the beginning of August. The amount of cash immediately available was then £237,505. For a short period, in harmony with banks and similar institutions, it was deemed prudent to place some restriction upon withdrawals, except in cases where it was shown that substantial sums of money were required for urgent and reasonable purposes. It was soon found, however, that withdrawals were below normal, and in my society for the whole year the aggregate withdrawals were actually in amount £48,379 less than in the preceding year, and it is most interesting and satisfactory to notice that the whole of this decrease in the amount withdrawn occurred in the period of the year covered by the war. The liquid cash in hand never fell below £216,000, and by the end of the financial year (on the 31st January, 1915) it had risen to over £318,000. In the meantime the whole of the advances granted, to the extent of £90,000, before the war, were completely carried out, and, except for the first fortnight in August, new advances upon approved properties were granted by the directors as they had been before the outbreak of war. During the year there was a record of new accounts, the number opened being over 12,000, and there was an unprecedented increase of over £315,000 in assets, making the total capital at the end of the year £3,821,341.

In August circulars were addressed broadcast to members, suggesting that the directors were willing to give sympathetic consideration to those who were temporarily deprived of a part or the whole of their income in consequence of the war, and that no fines or penalties would be inflicted in respect of reasonable arrears of subscriptions owing by either investing or borrowing members. Happily applications for relief in this respect were extremely few, and the total income for the year, of which six months were during war, was £1,617,857, or £93,739 greater than the previous best record. As indicating how the income has been affected up to the present time, it may be stated that from 31st January, 1915, to 31st May, 1915, the sum received (exclusive of repayments by borrowers) has amounted to £472,903, showing an increase in the five months of war of £9,913, as compared with the income in the four months of peace in the corresponding period of 1914.

Whilst the general experience of the society is indicated by the above figures, it may be stated that a like state of affairs existed in the branches.

It must not be assumed, however, that the war has had no effect

HENRY S. ROSENTHAL,
Cincinnati, Ohio, who first suggested holding an International Congress of Building and Loan Associations.

upon building society work generally. When the outbreak occurred at the beginning of August, very wide and great concern was felt throughout the land as to how business generally would be affected and how the financial interests of the society would be interfered with, and many useful lessons have been taught to those in charge of these institutions. Many members of the public feared a period of depression in all trades, and consequent loss of employment. Prospective schemes of building were abandoned, and largely public and private work was suspended, and one reason I think for the lesser withdrawals from this and other building societies was the conviction that money was safer in such societies than invested elsewhere, and that wisdom called for the husbanding of resources rather than the undertaking of expense of any kind which could be delayed. Happily, complete calmness prevailed, and the nation settled down to give of its best manhood and its wealth and substance to carry out its plain duty of standing by and observing honorably its pledges at whatever cost in the defense of liberty and the right of little nations to the protection of their homes and estates in Europe.

Amongst the problems which have to be faced is the present and ever increasing competition from various directions for the savings as investments of the provident, industrial and middle classes, who largely comprise the members of building societies. These savings are now sought by commercial banks, post-office savings banks, Government and all other securities, and the rates of interest which can be obtained by investors in these channels will to a great extent influence the amount of money which the building societies will be able to obtain for the purposes of their business at the rates of interest offered. I may repeat here a conviction which I have previously expressed, that building societies generally cannot hope to develop to any great extent unless they carry an even balance between the interests of the investing and borrowing members. No class of member should enjoy a greater advantage than the other, but the mutuality and the co-operation of all members in our institutions should be observed as much as possible. As money becomes more valuable the investing member will demand a corresponding increase of interest, and this, with added taxation and other charges, can only be recouped by a proper increase in the rate of interest paid by borrowing members. The avenues from which building societies receive the funds they lend to assist in the acquisition of homes will greatly be restricted unless such sums of money are allowed to earn the rates of interest approximating to the rates obtainable from other high-class investments, having regard to the security offered in each case.

The issue by the Government of the first war loan attracted a considerable number of investing members and depositors, and

though not extensive, substantial withdrawals were made from building societies for the purpose of investing in the war loan, and appeals are now being made and securities offered to induce members of the public to invest their savings in loans to the Government, even down to very small sums.

Having regard to the very fair yield of interest accorded by investments in Government securities at the present time, it is important that the interests of investing members and depositors of these societies should be considered and that their allegiance to the society should be maintained and strengthened in every possible way.

Another difficulty which is giving more or less anxiety to societies in England at the present time is the reduction in the number of applications for advances. This is no doubt due to various causes, amongst which may be named: fewer building operations; the tendency of some persons who really wish to purchase property to defer doing so during war time; and to the reduced demand for houses owing to the large number of men who have joined His Majesty's forces and closed their homes. These causes will largely, I confidently expect, be of a temporary nature only, but for the present they will prove, I fear, some check upon the growth of our institutions. There will, however, be at the same time a restriction of the income of societies from investing members. This will be obvious from a consideration of the fact that some 3,000,000 men have joined the British Army, and of these certainly half, and probably two-thirds, are drawn from classes who in peace-time comprise those who support and participate in the work of building societies. The war has at any rate contributed one very emphatic testimony of the benefit of investing money in building societies, and to the great advantage which investing members and depositors enjoy by reason of the freedom from depreciation of their investments. So far as I know, every shilling invested in building societies throughout this country has maintained its full value, not only for many years past whilst other securities have been shrinking, but also during the severe strain of war. This is of immense importance to building society investors, and the condition in which they stand in regard to their investments is a most favorable one in comparison with other persons who have invested their savings in other investing media. As indicating the wisdom and advantage of investing money in building societies, it may be mentioned that 387 securities, including property of every class from consols to industrial shares, and valued at over £3,000,000,000, show the following fluctuations:

The value of these on 20th July, 1914, was £3,370,709,000. On the 30th July, 1914, the value had dropped to £3,182,717,000, or a decrease in ten days of £188,000,000, and on the 20th March, 1915, the value was £3,017,660,000, or a decrease in eight months of war of £353,000,000, or over 10 per cent. The same tendency is observed

on a statement of the decrease which has taken place during the eight months of war in the highest class security known in England, namely:

British and Indian Funds have decreased by.....10%
Corporation Stocks have decreased by..... 5%
British Railway Ordy. Stocks have decreased by....10%
British Railway Deb. Stocks have decreased by.... 7%
Bank Shares have decreased by..... 5%
Brewery Shares have decreased by.....25%
and Insurance Shares have decreased by..... 5%

These are general average decreases and the statement has no application to any particular stock or share. Some shares of these classes may not, of course, have been subject to this general experience. This, I think it will be agreed, indicates how advantageous building societies are to the thrifty classes of our country for the safe and convenient saving of money, which up to the present has been free from the general depreciation affecting other securities.

The war has brought an additional burden to societies by the doubling up to the present of the income tax. This, until the autumn of last year, was at the rate of 1/3 in the pound on an assessment which was approximately half the sum of gross profits earned by the institutions. This rate has now been increased to 2/3 in the pound, or, approximately, the equivalent of 1/6 of the gross profits earned, subject to some adjustment in the cases of building societies. There is, however, on the part of the members and managers of societies no disposition to complain of this added burden. It is felt that it will be more or less temporary in its present degree, and it is cheerfully borne as a contribution to assist this country in the enormous expense incurred in the prosecution of the war.

At the moment of writing this paper there is a prospect of another large loan being asked for by the Government to pay the expenses of the war, and it appears likely that appeals will be made for subscriptions from persons of small means, and that a high rate of interest will be offered and other attractions of issue to secure the support of the wage-earners as well as the capitalists. How far this affects building societies remains to be seen.

Amongst other problems which the war has brought to building societies may be mentioned that it has been essential to keep a large amount of liquid money, thus reducing the earnings. Many members of office staff have joined the forces, and societies largely are paying the salaries of those who are serving their country. Insurances in many cases have been effected to protect the society's securities against damage by the nation's enemies. The cost of living has been greatly increased, reducing the margin of income available for saving, and many families have suffered bereavement by the loss of father or son or brother bearing arms at the front.

To summarize the general effects produced by the war, I may mention:

(a) The supreme strength displayed by building societies as financial institutions, as shown by the complete confidence placed in them by their investing members.

(b) The loyalty with which borrowing members have paid a slightly increased rate of interest to cover the increased value of money and taxes and added expenses. To this has been added considerable hardship to both investing and borrowing members by loss of income through restricted employment in many districts, and borrowers particularly have suffered in some cases through reduced trade, and have also borne losses of rent through tenants being away serving in the country's defense.

(c) In a few instances where an occupying borrower has joined the forces a reduced scale of repayment has been allowed, but generally the scale of pay and allowances for dependents given by the Government has enabled such borrowers to pay the subscriptions due to societies.

(d) There has been a severe depression in house-building and comparatively few sales of house property. This combined with the war-boom in some trades has brought about a shortage of houses in a few districts, but not generally.

(e) The competition for money by investment media, coupled with the opportunity for capitalists to purchase stocks and shares at a low price, has caused some abnormal withdrawals. This effect has, however, been nullified by a number of members preferring the safety of building societies and the freedom from depreciation and making smaller withdrawals than usual.

(f) The increased taxation upon income and generally increased rates chargeable upon properties.

(g) The increased cost of food and necessaries of life. This has to some degree been counterbalanced by increased wages in districts where work is plentiful or labor well organized.

(h) The saddest effect is seen in the thousands of bereaved homes and broken hearts, and no class has made greater sacrifices or suffered larger losses than that which includes the home-winners of England.

(i) Our beloved country is paying dearly for freedom and bearing hard blows in its defense of honor and righteousness, but the national traits of faithfulness, determination and cheerful self-reliance which building societies have done so much to foster will, I am confident, enable us, with the help of those who also fight for liberty and sanctity of contracts, to win a true and a permanent peace for the happiness not of our country only, but for the whole world.

THE BUILDING SOCIETY ATMOSPHERE.

A PAPER BY JOHN B. ANNAN, F. C. I. B.,

Secretary to the South Staffordshire Permanent Building Society, 4 and 5 Princess Street, Wolverhampton.

When invited by Mr. Enoch Hill, secretary of the Halifax Permanent Benefit Building Society, to prepare a brief paper on some subject, to be read at the second International Congress of Building Societies, to be held at San Francisco in July, 1915, I felt under a difficulty for several reasons, but two special ones. In the first place, I am secretary of a comparatively small concern, only having some £40,000 of assets. In the second place, the ground covered by the excellent papers given by prominent and able men at the first International Congress, held in London in August, 1914, was so wide that I scarcely saw what was left to write upon. It has, however, often occurred to me that there are some strange reasons accounting for the fact that in certain parts of our country the building society movement flourishes and continues year after year, decade after decade, to increase in an astonishing manner, whilst in other parts it seems difficult for the movement to maintain its place. As illustrating this the report of the Chief Registrar of Friendly Societies for the year ending 1913 shows that from 1902 to 1913 the membership of the societies in the County of Yorkshire alone had increased from 67,105 to 105,023, or more than 50 per cent. Seven large societies located in Bradford, Halifax, Huddersfield, and Leeds accounted for nearly the whole of this increase, and one society for nearly half of it. The figures for 1913 showed that the rate of increase was more than maintained. In Northumberland small but steady increases have been taking place, but this chiefly applied to the city of Newcastle-on-Tyne societies. The registrar points out in his report that the proportion of membership to population in Northumberland is very high. Again, all the counties in the North-Midlands district show increases. More than half of the building society membership of the country is held by the societies in the Northern and North-Midland Counties. The agricultural districts of England only showed slight increases. London and the Home Counties showed a trivial decrease, but this was, without doubt, the effect of the "Birkbeck" failure. The registrar's report contains a list of the 24 societies which in 1912 and 1913 had mortgage securities for more than £500,000 each. Two of these societies are national rather than local in character and their members are probably distributed fairly well in industrial and agricultural areas. One other is quartered in a purely residential district. The total mortgage assets of these three societies were returned as £1,926,119. The mortgage securities of the remaining 21 societies were £23,294,155. With the exception of the three societies, all the others are quartered in busy manufacturing centres of London.

The following figures will be interesting:

BUILDING SOCIETY FIGURES FOR THE YEAR 1913.

County.	Population.	Members.	Receipts for year.	Liabilities to Members & Depositors.
Yorkshire, East and North Ridings, 934,702			£	£
West Riding, 3,045,749	—3,980,451	105,007	6.656,113	14,031,577
Lancashire	4,768,474	51,569	1,876,796	5,412,510
Northumberland	697,014	21,029	1,239,155	4,442,821
Staffordshire	1,348,422	27,950	759,982	2,289,265
Durham	1,370,011	21,163	721,569	2,228,975
Lincolnshire	564,013	3,822	123,779	270,071
Norfolk	499,049	3,125	54,983	139,271
Shropshire	246,306	1,063	8,562	30,856

The East and North Ridings of Yorkshire, are practically purely agricultural areas, whilst the West Riding is just the reverse.

Lancashire is a great industrial county. Of the £5,968,826 of building society assets, the major portion is held by societies in the northern part of the county, but the greater portion of the population is in the south, including Liverpool, Manchester and other large cities.

The Counties of Durham and Staffordshire are agricultural and industrial, but the building society business lies chiefly in the latter areas in both counties.

Lincolnshire, Norfolk and Shropshire are practically entirely agricultural, and it will be seen that building societies do not flourish there as in industrial centres.

The above figures illustrate in a most striking manner how the greater development of the building society movement is practically confined to industrial areas. I will endeavor to arrive at some conclusions for this position and will deal with these conclusions under separate heads as they occur to me.

REMOVAL FROM COUNTRY TO TOWN.

We all know and regret that for a long period there has been a gravitation of the people from the agricultural areas to the industrial centres. Many economic factors have contributed to this movement, but no doubt it is chiefly caused by the attraction of higher wages, more excitable conditions of life, etc. The people who have moved from the country to town may be looked upon as more ambitious than their brothers and sisters who have remained at home and are, to a great extent, satisfied with their rural surroundings and housing conditions. The town man, if he has only a small desire for improvement in his conditions, turns his first thoughts to a better habitation. Thus he acquires the elementary desire to "become his own landlord." I do not mean to say that

the country workman has no ambition to own his cottage, but he is slower to realize his possibilities in this direction and does not make the use of the building society facilities which he ought to do. Possibly we do not bring before his notice in a sufficiently striking way these facilities.

EARNING CAPACITY.

Of course, the upper working class man and the lower middle class man earn much higher wages than the country man. Consequently their ability to save is greater, even allowing for the increased cost of living in urban districts as compared with rural areas. Again, his desire for better housing increases with the ability to pay for it.

FACILITIES FOR OBTAINING BUILDING SITES.

In this country we have several systems of land tenure or purchase, but the two chiefly applying are freehold purchase and ground rental. In the agricultural areas it is generally found that the land is held in very considerable blocks by wealthy landlords who do not desire to break up their estates. This position makes it difficult for the would-be small owner-occupiers to secure land in sufficiently small plots for the erection of their own homes. To an extent this is occasionally the position even in a manufacturing centre. When land is reasonably cheap and the supply of houses not abnormal, we usually find would-be home-owners.

OTHER INSTITUTIONS.

Healthy competition we always look upon as good. The competition between the Yorkshire societies seems to have had the effect of making them all singularly successful, and yet we have the peculiar position that societies in other areas, without any competition whatever, have grown to wonderful proportions. Building societies have had, and will have to meet, many competitive schemes —sound and fanciful. Amongst these may be mentioned Bond Investment Associations, Co-operative Societies, House-Purchase Companies, Friendly Societies, Garden Suburb Co-Tenants' Societies, etc. Most of these schemes have been tried and found wanting. Some are good so far as they go. Some have been subsidized by Government loans at low interests and even by grants. In spite of all these schemes the building societies still lead. In some areas, however, the other schemes have done a large businss and may account for the smaller building society transactions there. These fancy schemes, especially when subsidized, are calculated to sap the independent spirit of the workingman and to draw his attention from the true and tried building society system. The remarkable decrease in building society business in Ireland has practically been concurrent with the operation of the Land Purchase Acts.

Basis of Building Society Loan Terms, Etc.

It is very essential for every society to be established on a proper basis and that its rules and tables should also be the most elastic, but correct. When looking over the prospectuses of various societies, I find the tendency has been for one society to copy another in the same or neighboring district. Consequently, if the older society has not been working on an ideal basis the mistake has been perpetuated and the building society work there has not attained to the position it otherwise would have occupied.

Co-operation.

It is certainly most desirable that there should be co-operation as between societies, particularly those operating in close proximity to each other. Regular exchanges of views and experience would be most beneficial. I would even suggest joint schemes of advertising. These should be particularly beneficial when in the form of newspaper articles, written with a view to educating the public to the fact that building societies exist only for one object, viz., to socially uplift the upper class workingman and the lower middle classes by encouraging amongst them the proprietorship of their own homes on the best possible terms.

Management.

It is essential that the management of every building society should be under a board of directors who have at heart the well-being of the classes they profess to seek to benefit and who are prepared to enthusiastically support the plans of initiative officers who must also have at heart the true interest of their societies and a personal ambition in their work. Organized and systematic work is, of course, essential and it should be carried on with one aim, viz., to secure a steady, healthy increase in the society's business, bearing in mind that "nothing succeeds like success." This is clearly shown by the fact that the larger societies are the most successful proportionately.

In conclusion, it occurs to me the building societies generally have not catered for the requirements of the country man, and it might be possible to do a great deal in the way of making advances to small holders, market gardeners and others on suitable securities. There could be no better way of popularizing our facilities in agricultural areas. So far as my own society is concerned, we find the country members to be amongst the most regular payers.

In conclusion, I thank Mr. Enoch Hill, Hon. Secretary of the 1915 Congress, for the invitation to write this short and very incomplete paper. Without weighting my remarks with a large number of statistics, I have endeavored very briefly to show some of the differences in the record of building society work in the Old

Country, and if my remarks prove of interest and instruction to the Congress delegates it will make up for the hesitation I felt in accepting the invitation.

"The American Home the Safeguard of American Liberty."

OFFICE OF

THE NORTH CAROLINA BUILDING AND LOAN LEAGUE.

E. L. Keesler, President, Charlotte, N. C.
G. A. Follin, First Vice-President, Winston-Salem, N. C.
Alexander Webb, Second VicePresident, Raleigh, N. C.
John Dunn, Third Vice-President, Newbern, N. C.
A. G. Craig, Secretary and Treasurer, Charlotte, N. C.

CHARLOTTE, N. C., July 21, 1915.

Mr. L. L. Rankin, Inside Inn, Exposition Grounds, San Francisco, Cal.

MY DEAR MR. RANKIN—I have discovered at the last moment that it would be impossible for me to get away. This I regret far more than I can tell you. I have some affairs in hand that would suffer very much in my absence, and my pleasure must step aside.

I am herewith enclosing you a paper prepared for the occasion, and, if you think it worth while, you can read or have it read at the proper time.

North Carolina hereby nominates L. L. Rankin for Second Vice-President, U. S. League.

With love for you and our many good friends in the greatest cause, save one, on earth, I am,

Sincerely yours,

E. L. KEESLER.

NEEDS OF THE LOAN AND SAVINGS IDEA.

BY E. L. KEESLER, CHARLOTTE, N. C.

Mr. President and Gentlemen of the International League of Building and Loan Associations:

I accepted the kind invitation of my friend and your distinguished official head for a brief address on this important occasion for a single reason, and that was, not because I thought myself competent to instruct, direct or advise those assembled here in the furtherance of this magnificent movement, but from the simple fact that I love the cause, and, loving the cause, it seemed well that you should know it. It seemed not amiss that I should be the proud bearer to you, the pioneers in a mighty, world-wide movement, of words of encouragement and expressions of commendation and of sympathy from my own Sunny South. I present you, therefore, now, from the land of Lee and of Jackson, from the heart of the people, now

pushing forward by leaps and bounds in the wondrous work of the building and loan, best wishes and godspeed.

The *really great days* in history, my friends, are not those which mark the beginning of great industrial development; not those which usher into being him, who, in time, discovers or invents that which becomes all but a necessity for human comfort or convenience; not the days which mark the acquisition of vast territory by one or more of the powerful nations of the earth, neither the days made memorable by the fading away of one dynasty and the creating of another. They are not the days when one nation's commerce is driven from the seas, and when millions of innocent humanity are called upon to do and die to satisfy the ambitious cravings of a very few of the mighty men of earth. Certainly they are not the momentous days when by blood and carnage our own and other people's military leaders are christened "The Conquering Heroes of tne World." You may ask, if we eliminate all these, what are left worthy of the place? Surely many of these notable events have blessed mankind. The progress of the world is indebted to the creations and movements marked by these periods. The acts of famous men in civil and military life, in just and righteous causes ofttimes, make illustrious the days we celebrate. All of these are readily granted, and more, but the fact remains that the *really great days* are those which mark the beginning of movements which have for their inspiration the heart's desire to bless mankind. Movements void of purely personal gain or ambition. Acts which bring their sure and satisfying reward to the mind and heart in the consciousness of duty performed. Who, even among us, my friends, has not felt inward delight and joy at the performance of an act which carried happiness to a friend and neighbor's heart? Who has not, at some blessed moment in his own private life, done an act of simple kindness for the stranger, and has found the sweetest of rewards therefrom in the silent approval of his inner self?

It is true that history, from the earliest records no doubt, chronicles comparatively few international or world-wide movements having solely in view the betterment of mankind. The vast majority of such, too, are confined to the godly men and women who have created religious and charitable movements for humanity's sake, and at absolute sacrifice of self from first to last. What a small percentage of such movements has for its object the practical, the physical, the financial betterment of the earth's needy? How many organizations are there in the world to your knowledge that call together at stated intervals, annually or bi-ennially, experienced and successful men of affairs, to give of their time, their talents, and their money, that others less fortunate than themselves may become better and happier? That, my countrymen, is your mission. That is the mission of the International League of Building and Loan

Associations. That is the mission of the loan and savings idea in my home city of the South, in our State League, in the United States League, and in this, the International.

One of the great days of history, therefore, is that which marks the beginning of this movement. It is unique because it is rare in conception and execution. It is mighty because it combines with religious, moral and educational uplift that necessary and too frequently missing element of practical finance. Schemes which are scientifically and experimentally correct, and which have long since demonstrated their beneficent character, underlie all the activities of the general plan, and safety and economy have become its distinguishing features.

In looking back upon the great events of the world's history; in a study of our own national happenings; in the record of the doings of even great sections of our land, we are forced to the conclusion that the hand of the Almighty ofttimes directs the battle and fixes the results. Without attempting to reconcile his thought with those antagonistic, may I not venture the thought and belief that this loan and saving idea, in its purity, and stripped of all unseemly dress, is designed by the All-powerful as a means of equalization in life's great struggle? And why not? It is without distinction as between rich and poor; it brings higher upon the ladder of civilization him who will but seize its lowermost rung; its justice, its simplicity, its practicability appeals to him who most needs it with almost irresistible attractiveness; it has been sunshine and happiness to hundreds bowed down with life's disappointment and unequal burdens—and such are known to every one within this presence; it is the one financial system, devised, if it be so, by human agency, that fits a need common to the plow-boy on his Carolina heath, the working girl in the mills of old England, the humble laborer of New York or Boston, or the German lad at his chosen calling. It furnishes opportunity alike for business and professional men, for men and women in every calling and under every sun. It knows neither race nor color nor conditions in life in the distribution of its favors. It is needed alike the world over. Through this agency it will reach the uttermost parts of the earth. This is its mission; god-given, why not?

Now, my friends, what of its needs? Not long since, from one of the pulpits in my home city, a distinguished minister, prominent and successful in the mission field, said in substance that all great movements, whether religious or secular, industrial or educational, either went forward or backward, advanced or retreated; that nothing "stands still." Movements, such as this, either expand or expire. They do or die. I felt as if that minister was talking to me about my building and loan association and the State League, of which I am the president. It is true that I sometimes "enthuse" a little

in our local papers on the loan and savings idea, and occasionally make a bit of a speech in Carolina towns along the same line. And then, I have gone into Virginia and Florida, and South Carolina, to get rid of a lot of "pent up" fervor and what some of my friends are pleased to term "hot air" which had been stored up in my system since the last annual meeting of the U. S. League, imbibed from Brother Rosenthal's *American Building Association News*, or created by some of the extravagant statements of our friends, Rankin or Haymaker, of Ohio. I felt, too, that I was doing some good, but that preacher made me feel that I was asleep. I have, therefore, taken on a little more activity, advertise more largely, become more reckless in claims, just like my friends from Ohio above named, and am burning the wind. Just everybody in North Carolina is not *falling over themselves* to get into my association, for we have others, but you can rest assured I am getting my share, and I am, therefore, "just as happy as a big sunflower that nods and bends in the breezes." But, my friends, the thought I would convey is that all of us engaged in this glorious work needs to acquaint ourselves more thoroughly with the almost unlimited power for good that lies within this loan and savings idea. It needs expansion, and it must be done by those of us already in harness, by those already reasonably conversant with its wonderful achievements wherever the seeds have been sown and watered and cultivated.

Surely there is a large and as yet untouched field, at home and abroad, for its operation. The system needs improvement, perhaps, here and there, but such will come along as time advances. It is necessary, however, to adapt its workings to the special needs of the section, or state or country in which it operates, or in which it is to be planted. Some, I fear, are imbued with the idea that the self-same details, without the changing of a word or a letter, must always obtain, whether it be in France, in Sweden, in Australia or the United States. Even in our own country, where we have variety of soil and climate, differences in social and labor conditions, agricultural and manufacturing districts, easy money here and scarcity or high moneys there, maturing of crops at one season here and at another season there—all of these must be met and accommodated by the loan and savings idea modified or enlarged to meet the peculiar needs as found.

One of the common causes of disappointment and failure in the planting and growth of these institutions is the fact that too often men without the confidence of the people who must compose the clientage are chosen as secretaries or managers. The plan may be ideal, but, without proper officials, stagnation and death are inevitable. Needed, capable men—men of integrity.

Perhaps the greatest hindrance to expected growth and a satisfied shareholder is the fact that officials are without enthusiasm in the

work. They expect the merits of the cause to win without the proper presentation. You must believe in your proposition and evidence that belief in face and form and manner. You will be afire with the cause if you would attain success. Needed, intelligent men—men with *magnetism*, with *fire*.

There are many other needs, my friends, but with a brief statement as to those of a governmental character I leave the subject with you. The loan and savings idea needs and deserves at the hands of government, *national*, *state*, *county* and *municipal*, commendation, encouragement and absolute freedom from taxation. It enriches all government financially, but far more in a nobler and better sense. Needed—Reciprocity.

WARWICK AND ITS BUILDING SOCIETY.

BY J. C. PURSER, OF WARWICK, ENGLAND,
Alderman of the Borough of Warwick.

Hearty greetings from Warwick to the members of the International Congress of Building Societies at San Francisco.

Warwick, the county town of Warwickshire, is an ancient parliamentary borough of about 12,000 inhabitants, and is situated on the River Avon, which flows on from thence to Stratford-on-Avon, the birthplace of Shakespeare. It is an ancient place, and is well worthy of a visit, not only on account of the picturesqueness of its streets and the beauty of its public buildings, but also on account of its historic associations, seeing that kings and queens and other noble and high personages, who have been makers of English history, have either lived there or have made it a place of temporary sojourn. Rous, an old priest and antiquary, who died in 1491, is the earliest Warwick historian, and he gives it an ancient British origin; he tells us that it was founded by Kimberline, a British king, and that Caractus built a church in the market place. Coming on to Saxon times, Ethelfleda, daughter of Alfred the Great, raised the great mound adjoining the courtyard of Warwick Castle, and called it Ethelfleda's mound, on which she built a keep. After the advent of William the Conqueror, the town was walled and gated and laid out as to its street lines in much the form as we at present see it. From the east-gate to the west-gate a straight street ran, and this still runs through the town, and one from the north-gate to the southern entrance by the castle intersected and still intersects the former at a point where the present court-house now stands. The east and west gates are standing, the north gate was pulled down over 300 years ago; the castle stood for the south gate. In the year 1694 a great fire laid the center portion of the town in ashes, but enough old half-timbered houses remain to tell us how the town looked in the days of Queen Elizabeth.

Public Buildings.

The court-house, built about 1725, on the site of an older one, is a handsome square stone building, at the corner of Jury and Castle streets. Here the mayor and corporation hold their meetings, and the magistrates their sessions.

The Leycester Hospital is situated at the west end of High street, adjoining the west gate, and is a perfect and most beautiful specimen of half-timpered house of the end of the fourteenth century. Originally belonging to two guilds, it passed into the hands of the corporation at the close of the reign of Henry the Eighth and became their guild hall. By the corporation it was given to Robert Dudley, Earl of Leycester, who founded there a hospital for twelve old soldiers in 1571; and this date having been placed on the front of the building leads to a misapprehension as to the date of the building.

The County or Shire Hall, situated in North Gate street, is a fine stone building, built about 1757 on the site of a more ancient shire hall. Here the county magistrates and county council transact their business, and here also the assizes are held.

The Market Hall in the Market Place was erected in 1670. It is not now used for market purposes, but is given over entirely to the Warwickshire Natural History and Archæological Society, who have here a very excellent geological and zoological collection.

The Church of St. Mary is an edifice which no visitor to Warwick must omit to see. It has a fine lofty tower which is a landmark for miles around. The most ancient part is the Norman Crypt (1123), in which is shown an old ducking chair, and the most beautiful part is the Beauchamp Chapel, founded by Richard Beauchamp, Earl of Warwick, whose grand monument occupies the center. Among other fine monuments is that of Robert Dudley, Earl of Leycester.

There are three other churches, one Roman Catholic church, and various Nonconformist places of worship.

The Priory, a fine Tudor mansion, the property of T. O. Lloyd, Esq., the present High Sheriff of the county, stands on the north side of the town, and occupies the site of an old ecclesiastic establishment.

The Grammar School, said to have been founded by the Saxon King, Edward the Confessor, now has its home in handsome modern buildings, well equipped in every way as a boarding and day school, situated at Myton, on the road between Warwick and Leamington. A girls' high school, under the management of the governor's of the Grammar School, is situated in the town near to the east-gate.

I have now to mention, last but not least, the lordly castle spoken of by Sir Walter Scott as "that fairest monument of ancient and chivalrous splendor which yet remains uninjured by time." The

principal entrance is through a gateway at the top of Mill street, which admits to a winding drive out of the sandstone rock. This road emerges on to a beautiful scene, the outer court of the castle. Over a dry moat you go, under the barbican and gateway into the inner court, on the further side of which rises Ethelfleda's mound. The court is surrounded by walls. On the right stands Guy's Tower, on the left Cæsar's Tower, a fine piece of military architecture of its period (about 1350), on the left also are the castle buildings and offices. Gateways lead from the court to the grounds, which are extensive and very lovely.

Warwick is governed by a mayor and corporation. It is clean and well-paved and has an excellent water supply. The streets are lighted by gas. There is an electric power station which supplies the motive power for the trams between Warwick and Leamington, and which also supplies the light to some of the public buildings and houses. Speaking of the mayor and corporation, it will be interesting to record the fact that the good old custom—almost unique, I believe—is still maintained, of the members officially attending Sunday by Sunday at church. The weekly church parade is carried out with much dignity and with an Old World flavor. The procession, headed by the mace-bearer carrying the mace in front of the mayor and councillors, and accompanied by the other officials in their quaint robes, is often regarded with considerable curiosity by visitors—and especially by our American cousins from beyond the seas—who view it with open astonishment and amusement.

There is a public tennis and bowling ground on the south side of the town near to the river Avon. There are boating facilities for those who wish to enjoy a row or a punt, and opposite to this and under the shelter of the noble walls of the castle are the lovely grounds of the private boat and tennis courts, to which visitors are admitted by introduction. In these grounds a very attractive and popular tennis tournament is held in July of each year.

Races are held four or five times a year. On several occasions the National Hunt Steeplechase has been run here over a course which is considered by experts to be one of the best in the country, and there are excellent facilities for golf.

I will now turn for a few minutes to the second part of my subject.

The Warwick and Warwickshire Permanent Benefit Building Society was established in 1854, and the first annual meeting was held on February 12, 1855. The report showed that 117 members had joined the society, holding 406 shares; that the amount subscribed on shares was £676.17.6, and that £550 had been advanced on mortgage.

At this time the shares were offered for sale on the subscription nights to the highest bidder, and in the first annual report it

is stated that the highest premium given was £3.3.0 and the lowest £1.15.0 per £50 share.

Not to weary you with over many figures, I will take, for the sake of comparison and to illustrate the growth of the society, just the thirtieth and sixtieth years only. The thirtieth annual statement, to December, 1883, showed that the total receipts for the year amounted to £20,041.2.5 and that £8,435 had been advanced on mortgage; while the report for the sixtieth year, to December, 1913, showed that the total receipts for the year amounted to £31,081.15.1 and that £13,767.10.0 had been advanced on mortgage. At the end of 1883 the surplus profit after paying expenses, interest, etc., was £53.12.0, and at the end of 1913 it was £759.4.2. The reserve fund at December, 1883, amounted to £2,186.16.0, while at December, 1913, it had been increased to £5,111.10.10. In 1883 our mortgages amounted to £61,452, and in 1913 they amounted to £85,951. The deposits in 1883 were £29,549, and in 1913 had increased to £38,624, while shares stood at £33,239 in 1883 and at £47,271 in 1913.

It is a singular fact that in the second annual report the following words appear: "It is hoped that before the end of the ensuing year the peace of the country may be restored." It is needless to add how heartily we all echo and re-echo these words at the present hour.

This society is managed by a board of directors, with the assistance of a secretary, two surveyors, solicitor and auditor. The number of directors is unusually large and has generally been kept up to the maximum number of twenty-one, but it appears to be now considered that so large a board is not necessary and that as vacancies occur they need not, unless under special circumstances, be filled up. An interesting feature worth recording is the fact that for fifty-six years the directors gave their services quite voluntarily, and that it is only during the past five years that fees have been voted to them. Among other noteworthy features which may be mentioned are these: that at least two of the present board have been in office since 1888 (for twenty-two years without fees and for five years with fees); that at least two of the present directors are carrying on the work formerly carried on by their respective fathers, and that our much esteemed auditor, who has been in office for twenty-nine years, is the son of a former director.

Our present secretary (Mr. J. Moffat), whose services we very much appreciate, has been with us for a period of twelve years, and we hope will continue with us many more. His predecessor (Mr. J. Sallaway), who served us for twenty-eight years, only resigned owing to feeble health and advancing age. Our senior surveyor (Mr. F. L. Trepess) has been in office for thirty-five years,

while our venerable solicitor has been connected with the society for the long period of nearly fifty years.

In 1874 the society was granted a certificate of incorporation under the Building Society Act of that year; and in 1877 the reserve fund was first created.

Twice during its history this society has sustained losses: first in 1875, by the irregularity of an officer, and secondly in 1887 by the suspension of payment by the bank in which its funds were deposited. Again in 1892, in company with building societies generally, it had a rude shock by the failure of the Liberator Societies, but it successfully withstood all these trying times and calmly, confidently and hopefully continued the even tenor of its way (as it has done during the present lamentable crisis), and more firmly established itself in the confidence of its shareholders and depositors. Building societies up and down the country are to be congratulated for the manner in which they have faced the present situation, and the shareholders are to be complimented for the restraint they have exercised and for the tribute they have paid to the stability of the building society movement, under very trying conditions. There has been no run, and no panic, not even any uneasiness. Withdrawal notices have been paid without delay, and advances (although on a somewhat restricted scale) have been granted as usual. As a matter of fact, the withdrawals last year (notwithstanding the war) in this and many other societies were below the average.

In 1904 this society attained its jubilee, and this event was celebrated by a dinner given by the members to the directors. It had been intended to also celebrate the diamond jubilee last year in a similar manner, but this was prevented by the unfortunate outbreak of war.

An event which is unique in the annals of the society, and one which gave much gratification to the members, took place in 1907, when their chairman was elected Mayor of Warwick, and continued in office for two years. Before retiring from the mayorality in 1909, he entertained the directors to dinner at the well-known ancient hostelry, "Ye Woolpack Hotel," and subsequently the directors, as a return compliment, presented the chairman with a framed photo of himself in the mayoral robes to be hung in the board-room.

During the earlier years of the society, borrowing members were charged interest at the rate of 5 per cent per annum, and premiums were also charged on all advances. In 1887 premiums on advances were discontinued, and in 1899, owing to an accumulation of funds, interest to borrowers was reduced from 5 per cent to 4 per cent; but in 1903, as applications for advances had largely increased, this was raised to 4½ per cent, at which figure it now remains. For many years now compound interest at the rate of 4 per cent has

been paid to investing members, and for the last few years a bonus of 1/– per share in addition.

There were many irritating regulations in the old days which served no useful purpose and only caused annoyance to the members, but a more enlightened policy now prevails. Of course, there must be rules, and these rules must be observed, but all unnecessary restrictions have been removed and red tape abolished.

If there is one feature of building society work more pleasing to a director than any other, it is when an advanced member has completed his payments, and his deeds can be handed back to him free from any charge and he becomes the proud possessor of his own home. Another pleasant feature is that many workingmen and artisans in our neighborhood have substantial sums to their credit which they have saved through the medium of this society by small periodical payments, while still another feature to the credit of the society is that it has been a character builder; it has fostered habits of thrift; it has promoted a spirit of citizenship and local patriotism; it has encouraged its members to rely on their own efforts, and it has enabled many of them to buy or build their own homes, and to provide a little nest-egg for the proverbial rainy day.

Before laying down my pen, may I crave your kind indulgence for the many imperfections and shortcomings of this paper. When I was asked by our mutual friend, Mr. Enoch Hill, to write a paper for your conference, I was somewhat diffident, as I had never ventured on such a task before, and well knowing my own limitations, I inquired if he was not making a mistake in entrusting this duty to me, as I feared I could not furnish one worthy of your acceptance, and said I felt sure he could find many men in the building society world capable of writing a very much better one. To this Mr. Hill replied with much emphasis: "Well, Mr. Purser, I am supposed to know my business." On hearing this, I felt crushed, and promised to do my best, and if I have wearied you, I must ask you to apportion a share of the blame to Mr. Hill and not let it all rest on me. Let me, therefore, ask you to extend to me your sympathy and consideration. In other words, let me ask

"To be to my virtues ever kind,
And to my faults a little blind."

As at the commencement of my humble paper, so at its conclusion, I stretch out the right hand of fellowship to you from Old England, and heartily wish you and your country, your conference and your societies, godspeed and continued success; and let us hope that when next you hold your Congress on this side of the world, it may be in the piping times of peace, in order that you may be able to see the beauty spots of our beloved country under more favorable conditions than prevailed on the first occasion.

WARWICK, ENGLAND, June 23, 1915.

THE DISTRIBUTION OF BUILDING SOCIETIES INVESTMENTS.

BY ARTHUR WEBB, F. C. I. S., OF LONDON, ENGLAND,

Secretary of the Co-operative Permanent Building Society.

In the report of the Chief Registrar of Friendly Societies upon the work and position of building societies in the United Kingdom for 1913, the following interesting and striking paragraphs appear:

"During the 13 years ending December 31, 1913, the total amount advanced by these societies reached 120 millions (pounds). Suppose, for example, the average value of the houses purchased to have been £500 and two-thirds of their value to have been lent upon mortgage, then allowing five persons per family, the houses acquired through building societies during the last 13 years would be sufficient to house one and three-quarter millions of people, or the whole population of Liverpool, Manchester and Bradford." (Page viii.)

"The tendency of the larger societies towards the absorption of building society business at the expense of the smaller ones, which was commented upon in the report for 1912 is amply borne out by the figures for 1913. In spite of the increase of membership the number of societies on the register in 1913 was 41 less than in the previous year, and in the 24 very large societies only four showed decreases, the *remaining 20 more than accounting for the whole of the increase in membership* of building societies for the U. K." (Page vii.)

"Of the largest societies, 20 advanced £3,925,043, or over 40 per cent of the total amount advanced by building societies. Of this amount £1,806,360, or nearly half, was advanced by six Yorkshire societies." (Page ix.)

These extracts bring out clearly two facts. The one illustrating forcibly the great part played by building societies in the housing business of the United Kingdom, the others indicating an unmistakable tendency towards the concentration of this great work into the hands of fewer societies.

I imagine some such thought passing through the mind of Mr. Enoch Hill, who occupies the honored and responsible position of secretary of the *largest* of these comparatively few large societies, led him to suggest that I should submit a short paper for the International Congress on the subject of "The Distribution of Building Society Investments."

Obviously, the larger the society the wider the area over which it is possible for its operations to be transacted. It does not necessarily follow that it *need* go outside any prescribed area, and as a

matter of fact many of our societies prefer to confine their business to a particular city, town or group of towns.

It may be that for many years a society can find, within a very limited radius of its offices, business sufficient to absorb all its funds available for investment.

This apparently has been the policy of most of our societies in the past, and each society's area of operations is usually indicated by the name of the particular town or district forming part of its title.

The growth of certain societies, however, has sometimes forced them into looking further afield for openings for the investment of rapidly accumulating funds.

The present year of national crisis will undoubtedly accentuate this condition of affairs. There are towns in England where industries concerned with the manufacture of munitions of war, clothing and the like, are being carried on at high pressure and money is plentiful, while the opportunity, desire and even time to consider house purchasing are lacking. Building societies in such towns find themselves well supplied with money, but with a seriously reduced demand for mortgage advances. Thus, as one secretary has expressed it, a society "to invest its money, is *driven* to accept proposals from distant towns." This will be no uncommon experience, or, as is the case with a number of societies, surplus funds must be invested in stock, shares and other trustee investments until a favorable opportunity arises for realizing same and investing once more in building society mortgages.

The matter upon which I venture to submit a few points has to do rather with the *desirability* of spreading the building societies' securities than with the temporary necessity for so doing.

There is a popular and oft quoted maxim used in this country, and probably familiar to Americans, "Don't put all your eggs in one basket." Taking any particular town, or even country, as representing the basket, I would suggest that it is a wise policy to regard that as not the only receptacle for the investment of a buliding society's funds.

I am not in a position to assert that any societies have suffered in consequence of limiting their investments to any particular area. Time has not been afforded me in which to make the necessary inquiries, and even had these been possible it is questionable whether useful data would have been secured from any institutions which had been victims of depressions or disasters converting local "assets" into local "liabilities."

It must appeal to business men that values, in real estate especially, are not permanent, are not free from fluctuations, and are not exempt from sudden disaster.

The wider the area, however, the more varied the natural and

climatic conditions, and the more diverse the commerce and industry of the districts throughout which the building society transacts its business, the less the liability to serious loss through any sudden, gradual or permanent disturbance of values and depreciation of assets in any particular locality.

Single industry towns rise, maintain a certain success, and fail. Large mining and similar undertakings open up and bring an appearance of prosperity for a number of years, and are worked out.

Ports, seaside towns, etc., achieve a temporary popularity, and competing centres or insufficient railway and other facilities cause them to stagnate.

Dockyards, arsenals, sporting and educational centres, etc., are the playthings of politicians and others, and rise and fall with political engineering or popular clamor. Natural sources, springs, wells, minerals get played out.

What is true in this sense of the United Kingdom, and established country, is probably even more true of newer countries.

The confinement, therefore, of a building society business to any one centre, with *all* its investments dependent upon the one industry, the one mineral, the one attraction and cause of being of that centre, does not seem to me an act of foresight and wisdom.

One cannot well foretell any of the fluctuations or failures indicated, and it is necessary, of course, that dwellers even in localities liable to reactions and deterioration should be housed, and need the assistance of building societies just as do other workers in more established and permanent centres.

The building society, however, can guard against serious depreciation or loss by so providing that while it may be advancing a few thousand pounds in, say, a coal mining area, it has many other of its thousands in areas providing a variety of industries and an almost certainty of permanent trade and employment.

Depression in trade, slackness in employment and periods of unrest are rarely experienced in all districts and all trades at one time.

While cotton may be "down," woolens may be "up." While shipbuilding may be slack, the building trade may be in full swing.

The society with assets distributed over areas engaged in varied forms of industry can, with less anxiety, contemplate a period of inactivity in one trade or one area, by reason of the increased activity in others.

When it becomes imperative for men to leave one district in large numbers to seek employment in newer fields, there is an inevitable drain—sometimes approaching a "run"—upon the purely local society.

When great bodies of men are moved from one railway centre to another, their desire to be relieved of the older dwelling they are

purchasing and to take a new one in their fresh situation, may be a cause of embarrassment to the building society concerned only with the centre being vacated.

There are certain centres round our great cities which, once well-established, popular residential districts, have by the outward growth of the city, new methods of transit and increase of rates and other causes, lost their popularity, and the erstwhile fine old private residences become derelict or tenement dwellings, in some cases even slums.

A purely local building society with its money locked up in such a district is faced with a problem sometimes only terminated by liquidation and possible loss to shareholders.

I think I have sufficiently urged the desirability of a widening of the base upon which the financial stability of the society should rest. Experience of twenty-one years in a society doing business through England and Wales, and having its assets distributed over forty-two counties, has satisfied me that safety of investments, absence of fluctuations in business, freedom from serious and continued withdrawals, and a more steadily assured income and development, may be best attained by distributing the society's eggs in forty-two baskets rather than attempting to carry them all in one.

There are, of course, difficulties and drawbacks. The rates of interest at which money can be borrowed and lent vary from district to district, even in so small a country as England.

There is an unfortunate absence of agreement as to the value of money and the methods to be adopted in lending same.

In some centres money rolls in readily at 3 or 3½ per cent. In others 4 or 4½ per cent are necessary to tempt the shy investor.

Ostensible rates are not always actual rates of interest.

Borrowers can understand a definite 4 per cent or 5 per cent interest, but they do not realize fully the effect of 4 per cent interest plus a 1 per cent premium for three or five years.

These variations make it difficult at times to afford satisfaction if a flat rate forms a fundamental principle of the society endeavored to widen its borders.

The preference also for dealings with *local* people—"people one knows and can see"—is hard to overcome.

Then there is the want of personal touch and knowledge on the part of directors and officials. It is not easy for a board of directors accustomed to charming suburban villas as the model and basis of value, to estimate and accept the very different security offered by, say, Durham mining villages. Experience, however, if slow in attainment, is broadening and humanizing in its effects.

The abuses, shortcomings and disadvantages (in housing) which by familiarity and narrowness of vision and experience are accepted as inevitable, stand out and call for improvement in the light of widening experience and knowledge.

The question of advertisement, management, surveying, collections, remittances, etc., arising from a reasonably distributed business (as compared with a strictly local one) which will suggest themselves, offer no difficulty to keen and determined organizers such as building society officials should be, and in common with the foregoing or other objections which may be put forward, are not insurmountable.

To summarize this brief paper, therefore, I would call attention to the immense housing work being accomplished by societies in the United Kingdom; to the evident tendency for such work to fall more and more into a *few* large and progressive societies; to the consequent necessity—and, in my judgment, importance and desirability—of the wider distribution of these societies' investments; to the relative safety and absence of risk of such scattered investments, and freedom from liability to calls and runs; and, finally, to the greater usefulness in the work accomplished arising from the knowledge obtained from experience of a wider range and more varied character.

I venture to conclude this brief and hurried paper by wishing the kindred associations represented at the International Congress continued and increased success in their great and beneficial under. takings.

LONDON, June 12, 1915.

Christian Hansson, — Per. Address: "Storebrand."

CHRISTIANIA, NORWAY, July 10, 1915.

L. L. Rankin, Esq., Columbus, Ohio, U. S. A.:

DEAR SIR—Some time ago I received a letter from you concerning the International Congress of Building Societies, etc., which met at London in August last year, which letter in some way or other is mislaid, and therefore has been unanswered. I met, however, a short time ago, my friend Mr. Grau Bogh, in Bergen, and borrowed from him your letter addressed to this gentleman of 10/3 this year, which I understand conforms with the letter I received.

Neither he nor I are able to attend the Congress in San Francisco on the 30th and 31st inst., and we do not know of any other person from this country to recommend to represent Norway on this occasion.

I was in London the first days of August last, when the war broke out, and inquired several times before I, on August 6th, left London, at the Hotel Metropole, if you had arrived or if they could point out anybody else I could ask for information about the Congress. The hotel was unable to give me any information, and I

took for granted that the Congress would not be held. Later I have received a copy taken from shorthand of the proceedings, and learn from the same that the program has been somewhat different from what I had previously thought. The paper I had intended to introduce lies somewhat beyond the line of the matters under discussion on the Congress. Here in Norway we know little or nothing about co-operative house-building, and I could therefore not tell anything regarding this matter.

The paper I had prepared I nevertheless transmit enclosed. I have given it the heading, "House-Rent Insurance and its Influence Upon Real Estate Values." If you should think fit to introduce it in the San Francisco Congress, I should be pleased, but if you find it beyond the line of the program for the Congress, please keep it back.

Wishing you good results from the meeting, I remain,

Yours truly,

CHR. HANSSON.

HOUSE-RENT INSURANCE AND ITS INFLUENCE UPON REAL ESTATE VALUES.

BY CHRISTIAN HANSSON, INSURANCE MANAGER, CHRISTIANIA, NORWAY.

The values bound up in the real estate property of towns are very great. They are difficult to determine, and still more difficult is it to make any total estimate for the various countries and continents of the world. There is, however, no difficulty in forming an approximate idea of these values for single towns. In my native town, Christiania, the capital of Norway, the assessed estate value is about 2,000 kroner per head of the population, or about £110. We may then perhaps calculate that a one-million city will have real estate at least to the value of £100,000,000.

The characteristic of these values is that they are permanently and immovably attached to one and the same place. The surplus of goods may be transferred from one place to cover the scarcity at another; the spare tonnage of ships may be employed in other quarters, but houses and grounds cannot be moved. Hundreds of thousands of dwellings are bound together in one immovable mass for generation after generation.

Another characteristic feature of real estate, and more particularly of compact brick and stone structures, is that they do not disappear by use, as is the case with goods or foodstuffs. Houses are in most cases intended to meet the requirements of centuries.

It may also be mentioned that the supplies of goods can be regulated by limiting the production, so that a reasonable proportion between supply and demand may be obtained. But, with

respect to houses, nothing is removed without being replaced by something new. As a rule, houses are pulled down only to give place to new ones, and there is always a tendency yearly to increase their number. House-building will continue for some time after there seems no need of more houses. Even if a town's development is stagnant, and the population on the decrease, new dwelling houses will be added to an already abundant supply.

Great collections of values are always dangerous, but they are doubly so when bound up in the immovable and unconsumable estates of the town. These estates, therefore, involve a special economical risk, not only for the owners and the mortgagees, but for the towns themselves. A property crisis is one of the most dangerous economic crises for a town, as it may permanently arrest its natural growth. I shall presently tell you a little about this from Christiania.

House-owners do not seem to be much at a premium anywhere, so I shall urge no special consideration for them, though their position in many countries is at the present time a difficult one. Heavily encumbered as the tenement houses of a town are as a rule—up to fifty, nay, eighty to ninety per cent of the value—the house-owners are in reality often merely the mortgagees' agents, and consequently it is the mortgagees that the crisis often strikes, and all the more severely, as their compensation in the shape of interest is seldom fixed with such an eventuality in view.

Especially when the working expenses (including here property tax) are high, the house-owner's power of resistance is small. The so-called permanent expenses, such as rates and taxes, insurance, repairs, are the same, whether the rent is high or low. The lower the rent is, the heavier these expenses will be. At Christiania, where the regular expenses of a tenement house are more than one-third of the normal rental, we have calculated that if the rent falls 10 per cent, the value falls 15 per cent. When rents at Christiania were 30 per cent below the normal in 1905, the houses could not yield interest on much more than one-half of the assumed rateable value. In other words, when interest had been paid to the primary mortgagee out of the annual rental, there was nothing left for the secondary mortgagees. There is an inclination to set estate value high as being good and fixed values, which may be right enough as far as the first mortgages are concerned, although even on these considerable sums were lost during the crisis at Christiania. But for the secondary mortgages, which in a number of countries now seem more and more difficult to obtain, and for the owners of town tenement houses, special risks hitherto unapparent have been shown to exist,—risks which hinder the access of capital to the estate and building market. And where the mortgages, as at Christiania, are so unfortunately arranged that the investment is made for a certain number of years—generally for periods of five years—the capital

already invested in real estates can also in the course of a relatively short period be drawn out, and create many difficulties for the house-owners. Their prosperity is, however, the town's prosperity, and without sufficient and sure access to capital, the property market must stagnate. The result will be a dearth of houses and increasing rents, and therefore the tenants are also strongly interested in stable property conditions, with sufficient and constant access to new houses.

But from whatever side we view property crises, from that of the house-owner, the mortgagee, the town or the tenant, they must, from a national-economic standpoint, be regarded as disasters, and to find a remedy must therefore be an economic task of no slight importance. Such a remedy we believe to have found at Christiania in house-rent insurance.

Conditions at Christiania.

Before proceeding to give a few particulars of this new form of insurance which, as the system is invented in Norway, and has been applied for the first time at Christiania, is generally called the Christiania system, or the Norwegian system, I may be allowed to give some information respecting the conditions which brought about the founding of the Christiania Mutual House-Rent Insurance Company.

At the close of the nineties, times at Christiania were what ordinarily are called "good." The population was rapidly increasing, with an influx from all parts of the country. Apart from the surplus of births, the number of new residents rose from the usual three or four thousand per year, to 14,000 in the culminating year 1898. In spite of immense building activity there was hardly a house to be had. With only 500 vacant tenements to a population of 250,000, rents naturally rose, but not more than about 10 per cent above the normal. By normal rent, I mean here, and in what follows, the rent calculated in the tax valuations as the average one attainable.

As I have just said, this development culminated in 1898. At midsummer that year the bubble burst. A wood pulp firm failed, dragging several banks with it, and this was the preliminary to a series of failures, and to a more than fifteen years' period of stagnation for the city of Christiania.

In the course of one or two years the number of new houses built fell to nil. And after a faint attempt to start building operations again, they were practically suspended for eight years, in spite of advancing rents. The population decreased, the exodus from the town exceeding for five years the influx by 24,000. From 500 vacant flats in 1898 we find 5,500 vacant in 1904. In workmens' dwellings the change was most apparent, in some parts of the town every sixth tenement, or even more, being vacant.

From 10 per cent above the normal, rents fell to 30 per cent

below the normal. The tenement houses did not then give a larger surplus than would allow of payment of the ordinary outgoings and the interest on the first mortgage. The secondary mortgagees and the owners got no profit at all on their money. In a number of instances the rent fell to half that reckoned on, and has later been doubled in order to bring it up again to a normal level.

House-owners had to move out of their houses in flocks. More than 2,000 estates, or one-third of the town's total number of houses, have been under the hammer. Very considerable sums were lost by the house-owners and by the holders of second mortgage bonds. Building and trade in general was in a greatly depressed state, and the municipal income tax rose from 9 per cent or less than that to more than 15 per cent.

The Christiania Mutual House-Rent Insurance Company.

You will understand that the state of affairs at Christiania was anything but enviable, and as all this misery could be ascribed for a great part to precarious property conditions, the question was in 1905 raised in a private circle, whether, in some form or other, it were not possible to give them greater stability, so that values could right themselves, and be protected from such a violent fall as the one just experienced.

In Denmark an attempt had been made at this time to take up house-rent insurance—insurance against the loss the owner of a tenement house suffers by failing to let his flats. It was soon found, however, that we could not use the system applied in Denmark, where a certain fractional part was to be paid, say fifty, sixty or seventy-five per cent of the loss of rent on each untenanted flat. Should there, however, occur such a large percentage of untenanted flats as was the case with us at that time, we should have needed exceedingly large sums at our disposal.

I do not think any insurance company can undertake the whole risk by house-rent insurance. A total vacancy or one consequent upon a superfluity of flats, or, you may say, a dearth of tenants cannot be covered by insurance. Not the total vacancy, but only a part of it.

We came to that result that only when the vacancy in a single estate exceeds the average vacancy can there be an insurable interest.

We then founded at Christiania a company on the principle of the average vacancy. I can best explain the system by an example. At the close of each year the company's governing committee fixes the vacancy percentage for the various risk classes: small, medium and large dwelling houses; offices, warehouses and shops. Of late years the average percentage for dwelling houses has been fixed to 3 per cent, which is generally considered the normal. Now, if we take a house with a yearly rental of 10,000 kroner, the owner him-

self, at his own risk, bears a vacancy of up to 300 kroner. Only when the vacancy exceeds this amount does he get compensation. If the vacancy amounts to 1,000, he receives 700 compensation, and for a vacancy of 2,000 he gets 1,700, and so on, but with a smaller yet increasing deduction as the compensation grows, that he may do his best to get his rooms let.

Each flat is valued on registration, but the owner is not bound to this valuation. He can let his house cheaper should he so desire, and he can also demand a higher rent should the state of affairs warrant his so doing. At present the company does not, as a rule, make any objection to a demand of 10, 15 or even 20 per cent more than the assessed value of the flat, although the conditions of insurance stipulate that no unreasonable or unusual terms be demanded, either in regard to price or otherwise. Should such a demand result in the flats being untenanted, the owner shall forfeit his right to compensation.

Time does not allow of my going into further details, but although I am the company's founder, I may say it has met with great success. During the eight years it has been in operation it has paid compensation in more than 1,000 cases, the total amount being 400,000 kroner, and the amount set aside to funds is 166,000 kroner. The premium is 2 per cent per annum of the insured house rent. As before mentioned, the company is a natural one with the right to charge on its members to the extent of 200 per cent. An after-payment of 100 per cent (double premium) was levied in the first three years, but it has ceased during the following years.

I have given an example in which the average percentage for dwelling houses was 3 per cent. During the first years we adopted 10 per cent, as you will see, quite a large reduction. A house with a rental for 10.00 got in the first years of the company's existence no compensation until the vacancy had been more than 1,000. Nevertheless, in the first three years more than 300,000 kroner compensation was paid.

Regardless of business considerations, the company undertook all risks offered, without hesitation, even if the vacancy was so great that it might be inferred the insurance would involve a certain loss. We did it to back the market. And as the insurance was very soon undertaken at somewhat higher rentals than those obtained in the open market, the direct result was that not only did house-rents cease to fall, but the rise in prices so long coveted by house-owner and mortgagee set in.

The situation was saved. With house-rent insurance at their backs, house-owners saw it was possible for them to obtain better prices, and it is now acknowledged in all quarters that the company's work checked the depression and produced property owners more reasonable working conditions some years earlier than would

have been the case if affairs had been left to shape their own course. As the leader of the company, as president of its board of directors, I might be suspected of taking too optimistic a view of what it has accomplished, so I wish to say that some years ago the company solicited the opinions of some prominent members of the legal profession in Christiania. These gentlemen stated as their own experience that the house-rent insurance had had the results I have just mentioned. And they added that they considered house-rent insurance to be of such importance to real estates that it ought to be demanded not alone by the secondary, but also by the first mortgagees.

It is very natural that house-owners have recourse to house-rent insurance when there are many untenanted houses. In its second year the company had insured more than 1,000 estates, or about one-third of the town's larger tenement houses. It has been stated that a general response on the part of house-owners is not necessary. One-third was sufficient in our case. The mere existence of the company was enough to nerve the house-owners to exertion and to get prospective tenants to reduce exorbitant demands.

As already said, when the number of unoccupied houses was great, the company was patronized, and certainly it will be so again when there are more unoccupied houses than at present. People are always inclined to insure when a fire is going on. But what surprises us most is that the members of insured houses, after five years of a crying need of houses at Christiania, have not declined as far as to the half. The insured rentals were, in 1907, 4.2 million kroner; at present a little more than three millions.

The Effect Upon the Real Estate Market.

And now some words with regard to the influence of the house-rent insurance upon the real estate market.

The fact that an effective protection against having houses unoccupied contributes towards an increase of rentals and property prices, is so evident that no word need be said on that subject.

It will no doubt be admitted that, in the long run, a reduction of the risk on unoccupied property will have the effect of leading unemployed capital to the property and mortgage market. And a more abundant flow of capital should in its turn mean brisker building operations, and thereby a sufficient supply of dwelling houses to keep rents at a reasonable level. It might possibly bring about more favorable loan conditions, either in the shape of lower rates of interest or of higher loans. For a mortgagee, house-rent insurance will always be a plus he will appreciate, also because the company's inspection of the property will make him feel sure that it is kept in a condition to be advantageously let.

These effects of house-rent insurance are provable. It can also

be shown in the case of Christiania that through the company's statistic and publishing activity, a systematic educational work has been carried on, which has borne very good fruits. We have now a much better knowledge of property conditions than before, and they receive far greater attention than formerly.

For this reason, and owing to the strength the property market has now gained, we are of opinion that property crises will not again be able to ravage Christiania. Of course, rents will rise and fall, and supply and demand exercise a certain influence. But the demands of tens of thousands of tenants shall not in future be allowed to sweep over the house-owners like a flood. The rental valuations made by the House-Rent Insurance Company will serve owners as a guide for each flat, and they need not go much below this valuation—not more than corresponds to their own proportional risk. They will prefer to take compensation from the company and keep the flat vacant. Depressed times will undoubtedly bring house rent down again to normal, and perhaps a little below that. There will be unrest in the market. It will bubble, but will not boil over. For it is clear that if we have now been able to retain the patronage we have had during the past five years, and this in spite of excellent times for house-owners, they will come rushing to us when the number of vacant houses begins to inspire anxiety.

The company is also of opinion that it helps to prevent exorbitant rents, and it is used to a large extent as a valuation office. If a man thinks of purchasing a piece of property on the basis of current top prices, he will see things in a more sober light on learning from the House-Rent Insurance Company's valuation that although at present there can be no objection to the rents in question, even if they are considerably above the average, under normal conditions the rent will be lower. He will then make his calculations on the basis of the normal rental, and the same thing will be done by the man who is going to advance a loan on mortgage and who inquires for what amount the House-Rent Insurance Company is willing to undertake the liability.

The fact that the company is not disposed during improving times to keep pace with the prices, but keeps below the effective rental standard, naturally makes it extremely difficult to acquire new insurances, and their number has during the last few years been very small. In Christiania, with a population of a quarter of a million, the number of unoccupied flats at the beginning of the present year did not exceed 300 (one-half per cent), and this includes flats under repair as well as those condemned by the Board of Health. There are practically no new houses being built, and particularly for people of small means, nothing except what the corporation is building for its own account or what is being promoted by municipal guarantee for public utility building companies. The development in Christiania has swung from one extreme to the other. Some years ago Christiania was at a standstill, because there were too many unoccupied houses, and at present it does not go forward because there are too few dwellings to be let. Industrial concerns cannot get sufficient workmen, because these cannot get any house for themselves and their families.

In 1904 there were 5,500 vacant flats and the population was decreasing. Last year (1913) there were only 300 flats unoccupied, and in spite of excellent times in all branches of trade, the town grew only to the extent of 1,183 inhabitants.

The conditions at Christiania are an instructive example of how dependent a large town is on the normal prosperity of real estate conditions. If these lose their balance, no matter to which side the scales turn, matters can easily go wrong. As before said, it is therefore an economic task of the greatest importance to keep in balance the enormous values represented by the real property of the towns.

As far as can be judged, the danger of values losing their balance is considered greater where the flat system is predominant than where there is only one family in each house. The danger is least where each one owns his own house, or where the tendency is towards that ideal state, for this gives the best distribution of risk, and every one struggles to keep his own and his family's home. These facts speak strongly in favor of garden cities. But where, as is the case in many large cities, speculation has once possessed itself of the right to supply and demand for dwelling houses, or where it is found most expedient to keep to the large tenement houses in order more especially that workmen shall not be bound to one place of work or employer, the risk of a wholesale production may be reduced by house-rent insurance.

This is a new form of insurance, so far tried in only a few places. And it has not as yet, even at Christiania, stood the test of depressed times. But those who are closely connected with the company feel sure that it will also acquit itself well under these conditions. And we believe that, adapted to local conditions, it will gradually also at other places have its importance recognized for the regulation of sudden changes in the property and lease market, and that through its agency great economical loss can be averted.

PRESIDENT RANKIN: We will now hear from the Committee on Resolutions.

MR. RIDER: The committee beg to offer resolutions of thanks to Mayor Rolph and the people of San Francisco for their courtesy and hospitality to the delegates and visitors to this second meeting of the International Congress.

Secondly: Congratulations to the officials and management of the Exposition in the magnificent consummation of their labors, and thanking them especially for their recognition of the work and purposes of this Congress of Building and Loan Associations.

Thirdly: Of regret by the delegates in attendance of the inability of the foreign representatives to attend this session on account of the war in Europe, and expressing our sympathy in the afflictions that are resulting from it. We also desire to express our hope that at the close of the sanguinary struggle we all may again unite in an effort for the betterment of mankind, the upbuilding of the home through many years of peace.

It was moved and seconded that the report of the Resolutions Committee be adopted and made a part of the record.

The motion was put to a vote and carried, and it was so ordered.

PRESIDENT RANKIN: We will now have the report of the Nominating Committee.

MR. W. G. WEEKS: Your committee has carefully considered the matter of officers, and deems it best to submit the same list of officers now serving us on account of the unsettled condition of matters in Europe and this country.

MR. JAMES MCKAY, Youngstown, Ohio: I move the report of the committee be adopted.

Motion seconded by Mr. Martin, of California.

On motion, duly seconded, the rules were suspended, and Mr. Martin, of California, cast the ballot for the re-election of the old officers, and the same officers were duly elected to serve until the next Congress.

PRESIDENT RANKIN: This concludes the work of the Congress, and I wish to express appreciation of so many in attendance and to congratulate you upon the great interest manifested in its proceedings.

Motion to adjourn was then made and seconded, and carried.

The International Congress of Building Societies and Building and Loan Associations then adjourned to meet again in the year 1920.

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